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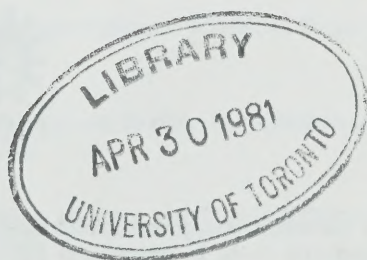
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The Income Security System in Canada

**Report prepared by the Interprovincial
Task Force on Social Security for
the Interprovincial Conference of
Ministers Responsible for
Social Services.**



**September
1980**



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Principal Delegates to the Interprovincial Task Force on Administration of Social Security

Chairman

Ian Potter

Director, Planning and Evaluation Branch,
Saskatchewan Social Services

British Columbia

Gavin Wood

Manager, Federal-Provincial Agreements Section,
Ministry of Human Resources

Anne Kirkaldy

Program Analyst, Federal-Provincial Agreements
Section, Ministry of Human Resources

Alberta

Vivien Lai

Director, Social Security Division, Research and
Planning, Department of Social Services and
Community Health

Saskatchewan

Charles Kang

Chief, Income Security Planning Unit, Planning and
Evaluation Branch, Saskatchewan Social Services

Manitoba

Roxy Freedman

Provincial Director of Income Security, Division of
Social Security, Department of Health and Social
Development

Ontario

John Stapleton

Economist, Policy Secretariat, Ministry of Community
and Social Services

Quebec

Thomas Duperré

Advisor, Extra-governmental Relations, Department of
Social Affairs

New Brunswick

Bob Macdonald

Director, Planning and Evaluation, Department of
Social Services

Nova Scotia

John A. MacKenzie

Director, Policy, Planning and Research, Department of
Social Services

Prince Edward Island

Frank Schwartz

Director, Special Services, Department of Social
Services

Newfoundland

Peter Poder

Director, Manpower and Social Programs,
Intergovernmental Affairs Secretariat

Yukon

Jim O'Byrne

Administrative Officer, Department of Human Resources

North West Territories

Mike McManus

Chief, Financial Assistance, Department of Social Services

Task Force Secretariat

Pierre-Luc Perrier

Secretariat Officer, Canadian Intergovernmental Conference Secretariat

Alfred Black

Research Officer, Planning and Evaluation Branch, Saskatchewan Social Services

Michael Mendelson

Consultant to the Task Force

Observer

John Osborne

Special Adviser, Policy Development, Health and Welfare, Canada

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Introduction

During the 1960s and 1970s the income security system in Canada underwent considerable change in both the size and complexity of programs.

During the last decade concerted study and negotiation between the federal and provincial governments have aimed at rationalizing and improving the social security system.

At the 1978 Interprovincial Conference of Ministers responsible for Social Services the need for a long term plan that focused on the complexity of the social security system was recognized. The ministers directed their deputies to prepare an inventory of all federal and provincial social security programs and to analyse these programs with a view to the long run development of a less confusing system that would more equitably and efficiently meet the needs of Canadians.

In response to this directive the provincial deputy ministers established the Interprovincial Task Force on the Administration of Social Security. The Task Force, composed of senior officials from each of the provinces and territories, was assigned the task of preparing an inventory of federal and provincial income security programs, a historical jurisdictional analysis of the major programs, and an analysis of an approach that could lead to disentanglement of the social security system. The Task Force was directed to focus its analysis on the institutional and structural relationships between programs. The specific terms of reference given to the Task Force by the Interprovincial Conference of Ministers Responsible for Social Services were:

- To prepare an inventory of social security programs, noting overlap of program objectives and administration.
- To prepare a historical, jurisdictional analysis of the principal social security programs indicating how and where they originated and noting federal-provincial agreements respecting their development.
- To analyse the collected information with a view to developing a recommendation on the next practical step to resolve present administrative complications.

The following report represents the major findings of the Task Force.

Canada's income security system and its development

Social security in Canada today is a large national enterprise with numerous programs making payments in 1977-8 of almost \$17 billion a year to millions of Canadians. Social security payments constitute almost 10% of total personal income and more than 22% of total federal, provincial, and municipal government expenditures. Millions of Canadians with little or no private incomes—old age pensioners, the unemployed, the physically and mentally handicapped, and the socially disadvantaged—rely on it to meet basic needs.

The social security system as we know it today evolved gradually as Canada developed from an agricultural society to a modern industrial nation. Because of its importance to the country and the proportion of government budgets devoted to it, the nature of the system and who should determine its development have become central questions in federal-provincial debates on jurisdictional responsibilities. Social security issues in Canada, apart from their inherent importance in a modern state, have therefore raised additional fundamental questions about the nature of confederation and the kind of society this country should strive to be.

It is sometimes mistakenly supposed that income security programs in Canada are consuming an ever-increasing share of public funds. The share of government expenditure devoted to income security remained fairly stable from 1950 through the late 1960s at between 17 and 18.5%. Since the late 1960s, this share has edged upwards to about 22.5%, largely as a result of the expansion of programs for the aged, the retired, and the temporarily unemployed. The proportion of government expenditures represented by social security programs has therefore not markedly increased. Nonetheless, rather than remaining separately organized in each city, town, and charitable institution, these programs have gradually been consolidated until they form a highly visible income security *system* in Canada.

The major branches of that system are outlined in this report. By way of introduction, the report begins with a summary of the results of the program inventory, carried out by the Task Force, with a brief description of the total expenditures and revenues, and the beneficiaries of the programs. The main body of the report deals first with the historical development of the major programs, describing their constitutional framework and the economic and social forces behind their growth. The report then moves on to a comprehensive review of the major income security programs and concludes with an analysis of the systematic relations between programs.

The present array of income security programs

In 1977-8 the social security system in Canada consisted of more than eighty programs affecting the incomes of individuals and families. It was decided that programs such as subsidies for social services and housing, which support particular goods and services, should not be included in the detailed inventory. The following analysis is therefore confined to about fifty programs.* Provincial tax credits have been included only in the aggregate figures on revenue and expenditure.

The information was gathered from questionnaires completed by the individual provinces and territories and by the federal government. Considerable effort was exerted to ensure accurate and consistent responses, but no doubt some inaccuracies remain. The definitions used in the inventory differ from those adopted by other, such as Statistics Canada.

Provincial or territorial programs account for forty-one of the fifty programs. This variety occurs because each province or territory operates a basic assistance program, three provinces deliver short-term assistance through municipalities, each province or territory operates a workers' compensation program, and so on. This diversity means that when we refer to provincial programs such as social assistance we are actually describing an aggregate of many uniquely designed programs.

Expenditures

In 1977-8 about \$16.7 billion was transferred to individuals and families through the inventoried programs and provincial tax credits. This amounted to around 10% of total personal income in Canada that year. The federal programs account for about three-quarters of the total. In fact, Old Age Security/Guaranteed Income Supplement/Spouse's Allowance alone constitutes the most costly program operated by government in Canada.

The fact that federal programs cost much more than provincial programs may exaggerate the importance of the former to recipients. While provincial and municipal social assistance spent only 12% of the money, unlike demogrants almost all that expenditure was critically important to beneficiaries in providing for food, clothing, and shelter. The provinces predominate only in income-related programs, that is, in those programs designed to provide basic needs.

Financing

In 1977-8 nearly \$20 billion was collected to finance the inventoried programs and provincial tax credits, a surplus over expenditure of about \$3 billion. Most programs derived just enough money from consolidated revenue to meet costs. The surplus is attributable to the social insurance programs, where current contributions are set aside to fund future contingencies.

* Programs added since 1977-8 have not been inventoried, with the exception of the Refundable Child Tax Credit. Some new programs introduced since this date include Quebec's supplementation scheme and Alberta's plan for the disabled.

Beneficiaries

Aside from family allowance and tax credit recipients, about 3.9 million individuals and families were reported as receiving income security benefits in any given month of 1977-8. Unfortunately the data do not always distinguish between families and individuals, so that we cannot report conclusively on the number of *persons* benefiting from the transfer income of primary recipients. But it seems that over 5 million people were assisted by income security benefits during any month of 1977-8, and about half of them were completely dependent on this source of income to meet basic needs—food, clothing, and shelter. There was considerable annual turnover among the assisted population, so that over the year an estimated 7 million people (or 30% of the Canadian population) received benefits at one time or another. For 3 to 3.5 million of these (or 16% of the Canadian population), transfer payments were a vital source of income. In addition, family allowance was paid to 3.5 million families on behalf of 7 million children, and tax credits were paid to about 3.6 million individuals.

Interactions between programs

One family may of course receive two or more benefits simultaneously from different programs. Moreover, recipients may be shuffled from program to program, for instance from unemployment insurance to social assistance. Indeed, the *responsibility* for providing benefits may be shifted; some of those previously eligible for unemployment insurance may be required (under recent amendments) to seek social assistance instead. The result has been to entangle the social security system in unacceptably complex administrative procedures and to make the ramifications of policy decision unclear. The next two sections of the report detail these complexities.

Only social assistance programs could report exhaustively on overlaps with most other inventoried programs. Social assistance programs were also unique in the extent of their procedures for verifying other social security incomes; for instance, close links were maintained with unemployment insurance, and less formal channels were open to the Canada/Quebec Pension Plan and workers' compensation.

Observations on the inventory

The income security system in Canada daily affects the lives of millions of people. Over half the system is devoted to the elderly, and the demands on it will therefore grow as the proportion of elderly people in the population increases. More than 1.2 million people are dependent on social assistance, and many cannot reasonably be expected to seek employment. Intergovernmental co-ordination will not diminish the basic needs of the elderly or provide substitute fathers for deserted children, but improved co-ordination might allow these needs to be more effectively met.

Until this report was undertaken aggregate data were not available on the total number of beneficiaries, expenditures, and revenues. The aggregates reveal the surprising extent of the system: even without family allowance it

delivers benefits to 20% of the Canadian population. How did this huge network of programs develop? Where is it leading? To answer these questions we consider next the history and jurisdictional responsibility for income security in Canada.

Chapter II

Jurisdictional history

The income security system in Canada has been described as being complex, confusing, inequitable, ineffective and inefficient. For over a decade intensive reviews by the federal and provincial governments and numerous studies by governments, academics and voluntary and professional associations have aimed at rationalization and improvement of the system. These efforts have involved constitutional reviews of the sharing of responsibilities between governments and most recently a four-year Federal-Provincial Social Security Review. Yet significant reforms towards simplification and improvements in administration have not resulted. If anything the system has been further fragmented with the addition of more piecemeal programs. And despite public expenditures of almost \$17 billion in 1977—8 millions of Canadians continue to live in poverty.

Why is the income security system so difficult to reform? In this chapter we attempt to arrive at answers to this question by examining how we came to have such a confusing patchwork of programs. Our assumption is that practical strategies for reform—strategies which will hopefully help us identify and choose a workable method of achieving basic improvements to the system—must be based on an understanding of the economic, political and social forces which influenced the development of social security in Canada.

The social security system as we know it today gradually evolved as Canada developed from a rural agricultural society to a modern, largely urban, industrial nation. Because of its importance to the country and the proportion of government budgets devoted to it, the nature of the system and who should determine its development have become central questions in federal-provincial discussions on jurisdictional responsibilities. Social security issues in Canada, apart from their inherent importance in a modern state, have therefore raised additional fundamental questions about the nature of confederation and the kind of society this country should strive to be.

We begin with a brief examination of the constitutional status of income security programs and some of the issues surrounding the division of jurisdictional responsibilities in the area. The following sections survey the development of income security programs during various periods of Canadian history, analyse factors affecting their development, and describe the general characteristics of income security in each period.*

* See footnote on page 6.

The constitutional framework

The formal division of powers between the federal and provincial governments respecting income security programs is based on the British North America Act of 1867. The Act itself did not refer to income security measures since the role of the state in providing for the income security of its citizens at that time was extremely limited. Legislative authority for income security has been inferred from interpretations of sections 91 and 92 of the Act which set out the division of authority between the federal and provincial governments:

91. It shall be lawful for the Queen, by and with the Advice and Consent of the Senate and House of Commons, to make Laws for the Peace, Order, and good Government of Canada, in relation to all Matters not coming within the Classes of Subjects by this Act assigned exclusively to the legislatures of the Provinces; and for greater Certainty, but not so as to restrict the Generality of the foregoing Terms of this Section, it is hereby declared that (notwithstanding anything in this Act) the exclusive Legislative Authority of the Parliament of Canada extends to all Matters coming within the Classes of Subjects next herein-after enumerated; that is to say,—

...

2. The Regulation of Trade and Commerce.
- 2A. Unemployment insurance.
7. Militia, Military and Naval Service, and Defence.
11. Quarantine and the Establishment and Maintenance of Marine Hospitals.
24. Indians, and Lands reserved for the Indians.
25. Naturalization and Aliens.
27. The Criminal Law, except the Constitution of Courts of Criminal Jurisdiction, but including the Procedure in Criminal Matters.
28. The Establishment, Maintenance, and Management of Penitentiaries.

And any Matter coming within any of the Classes of Subjects enumerated in this Section shall not be deemed to come within the Class of Matters of a local or private Nature comprised in the Enumeration of the Classes of Subjects by this Act assigned exclusively to the Legislature of the Provinces.

92. In each Province the Legislature may exclusively make Laws in relation to Matters coming within the Classes of Subject next herein-after enumerated; that is to say,—

...

6. The Establishment, Maintenance, and Management of Public and Reformatory Prisons in and for the Province.
7. The Establishment, Maintenance, and Management of Hospitals, Asylums, Charities, and Eleemosynary Institutions in and for the Province, other than Marine Hospitals.

* This survey is based largely on the detailed jurisdictional histories of each of the major programs in the income security system prepared for the Task Force by individual provinces for analytical purposes. The following individual jurisdictional histories are available from the Canadian Intergovernmental Conference Secretariat, Ottawa, upon request:

- Old Age Pensions Jurisdictional History
- The Development of Family Allowances and Related Programs in Canada
- The Evolution of the Unemployment Insurance Program in Canada
- Worker's Compensation in Canada: A Brief History of its History
- The Quebec Pension Plan and the Canada Pension Plan—Historical and Jurisdictional Outline
- A Description of the Evolution of Jurisdiction in Social Assistance Programs
- A Brief History of War Veteran's Income Maintenance Programs in Canada
- Jurisdictional History of Provincial Supplementation Programs.

8. Municipal Institutions in the Province.

16. Generally all Matters of a merely local or private Nature in the Province.

94A. The Parliament of Canada may make laws in relation to old age pensions and supplementary benefits, including survivors' and disability benefits irrespective of age, but no such law shall affect the operation of any law present or future of a provincial legislature in relation to any such matter.

It was the intention of the framers of the Act that Canada should have a strong national government. The federal Parliament was to have broad, general powers 'to make laws for the Peace, Order, and Good Government of Canada' as well as areas of specific legislative competence, while provincial powers were to be specific to 'poverty and civil rights in the province' and 'matters of a merely local or private nature in the province' such as 'Hospitals, Asylums, Charities, and Eleemosynary Institutions' and 'Municipal Institutions'.

However, a series of judicial decisions between the 1880's and 1949, when responsibility for final judicial review of Canadian legislation was transferred from the Judicial Committee of the British Privy Council to the Supreme Court of Canada, resulted in the Act being interpreted in such a way as to virtually reverse the intention of the framers. Through their restrictive interpretations of the 'Peace, Order, and Good Government' clause as applying only in national emergencies and their broad interpretations of provincial powers to legislate in respect of 'property and civil rights', the courts have in effect placed the residual power with the provinces while federal authority is restricted to the specific grants of power enumerated in section 91. The constitution therefore has generally been interpreted to mean that the provinces have primary jurisdiction over income security, their general power in this field being restricted only by specific federal power for veterans and status Indians.

In addition to the division of legislative authority between the federal and provincial governments, the spending power granted parliament in the B.N.A. Act has had a significant influence on the development of jurisdictional authority over income security programs.

In *Federal-Provincial Grants and the Spending Power of Parliament*, one of the papers prepared for the 1968-71 Constitutional Review, the federal government observed that:

In addition to the Powers of the Parliament of Canada to legislate the Constitution as it has been interpreted by the Courts gives to it the power to spend from the Consolidated Revenue Fund on any object, providing the legislation authorizing the expenditure does not amount to a regulatory scheme falling within provincial powers... The constitutional basis for this spending power is to be found in Section 91(3) of the Act, which gives the Parliament of Canada the power to raise money by any mode of taxation, and Section 91(1a) which gives Parliament the right to make laws respecting public debt and property, the latter having been construed to include every kind of dominion asset, including the Consolidated Revenue Fund.

Federal spending power is thus the constitutional basis behind the government of Canada's indirect involvement in income security programs through the vehicle of cost-sharing and direct involvement in programs such as Family Allowance.

These narrow grounds for federal involvement arose principally because of interpretations by the courts in the area of income insurance—that is those programs which are financed in whole or in part through contributions. Provincial competence in this area was first dealt with in Workmen's Compen-

sation Board versus Canadian Pacific Railway Company in 1920 when the Privy Council ruled that the Income Insurance program under consideration was 'in substance a scheme for securing a civil right within a province' and thus within provincial jurisdiction under section 92(13) of the British North America Act. This interpretation was strengthened in 1937 when the federal Employment and Social Insurance Act was deemed *ultra vires*. In this case federal competence in implementing an act providing for compulsory unemployment insurance was challenged by Ontario with the Supreme Court of Canada ruling four to two in favour of Ontario. When Canada appealed, the judgment of the Supreme Court was upheld, the Privy Council stating:

There can be no doubt that, *prima facie*, provisions as to insurance of this kind, especially where they affect the contract of employment, fall within the class of property and civil rights in the Province, and would be within the exclusive competence of the Provincial Legislature.

There have been three constitutional amendments in this area. In 1940 federal legislative authority for unemployment insurance was obtained (section 91(2A)); the federal government in 1951 with the consent of all the provinces sought and obtained a constitutional amendment to make laws in relation to old age pensions (section 94A); in 1964 federal authority over pensions was extended to cover survivors, disability, and supplementary benefits. In the latter two instances federal authority was constrained by a clause prescribing that no laws in this area should affect the operation of present or future provincial laws concerning old age pensions. With the exception of Family Allowance, the Child Tax Credit, and programs for veterans and treaty Indians, federal initiatives in income security have either required constitutional amendments or been restricted to shared-cost programs.

The Family Allowance Act of 1944 was challenged in the courts in *Angers versus Minister of National Revenue* and its validity sustained based on Parliament's spending power and its powers 'to make laws for the Peace, Order, and Good Government of Canada'.

The development of income security in Canada has been characterized by a continuous interaction between provincial legislative authority and the exercise of federal spending power. This involved serious jurisdictional disputes, to some extent related to disagreements on income security policies (especially with Quebec) but primarily stemming from disputes over fiscal arrangements due to the imbalance between revenues and responsibilities. The prominent role played by income security in federal-provincial relations is evident in the fact that all three amendments to the British North America Act concerning jurisdictional powers have dealt with income security.

Despite these amendments, jurisdictional authority remains unclear and contentious. Quebec's rejection of the Victoria Charter of 1971, for instance, was primarily over disagreements on income security issues. In the constitutional review leading to the Victoria conference the federal government had proposed clarifying jurisdictional responsibilities by providing Parliament with concurrent powers on new income insurance measures and paramouncy on retirement insurance and associated benefits. Quebec had responded to this suggestion with its own proposal: that concurrent authority be retained in the areas of old age pensions and supplementary benefits and expanded to include family and youth allowances, occupational training grants, unemployment insurance, and the Guaranteed Income Supplement to old age pensions. The

proviso in 94A of the British North America Act, which states that no federal law shall affect the operation of any provincial law, present or future, would apply to youth allowances and unemployment insurance as well as to old age pensions and supplementary benefits. New provincial legislation in the areas of family allowances, manpower training and guaranteed income supplements would displace federal legislation, according to Quebec's proposal, and the federal government would provide financial compensation to provinces opting out of federal programs. The Quebec proposal would also have required the federal government to consult the provinces at least ninety days before introducing any new legislation in these areas.

In the upshot the Victoria Charter reflected a revised federal position—a new section 94A would retain provincial primacy and include family, youth, and occupational allowances as well as pensions and supplementary benefits. But this was rejected by Quebec on the grounds that the clauses dealing with income security (Articles 44-45 in the Charter) allowed for a degree of uncertainty which was not in keeping with the objectives of constitutional review. Coupled with this rejection was the qualification that Quebec's answer could be different if the uncertainty mentioned was removed.

Financial compensation was not mentioned because there was no agreement on the opting out formula. The Established Programs Financing arrangements negotiated in 1964 had contained a provision for compensation to governments that opted out. Quebec's proposal would have enshrined this principle of compensation to governments in the constitution. The federal government however was by this time reluctant to make such a move. It proposed instead that compensation payments would be made to individual citizens of opting out provinces.

Constitutional issues again became the subject of federal-provincial negotiations in the fall of 1978 when a 'short list' of issues was drawn up by the First Ministers. Although the question of limiting federal spending power in areas of provincial jurisdiction was included on the list, income security was not, possibly because of its contentious nature.

Pre 1900: family, charity and local responsibility

Government involvement with income security concerns in the period prior to 1900 was minimal. Under the influence of attitudes formed during the pioneer era, the Elizabethan poor laws, and in the case of Quebec the social doctrine and anti-statism of the Catholic Church, the economic security of individuals was seen largely as a private and local matter to be provided for those who could not be self-sufficient by family members, charities, religious organizations, and local governments. The prevailing attitude was that few persons should require assistance. Giving assistance fostered indolence and dependency. While some unfortunate instances of honest poverty deserving assistance did exist, public aid should be limited.

Pre 1900 programming was thus characterized by limited local responsibility for the poor and indigent. Where assistance was provided, it was generally restricted to the sick, elderly, young, and women with dependent children only after all the family's financial resources had been exhausted and only where local residence was clearly established. In the latter half of the

nineteenth century, provinces did begin establishing custodial institutions for the mentally ill and mentally retarded. And the last decade of the century saw the beginnings of major voluntary welfare organizations, principally in Toronto: Toronto Children's Aid Society (1891); Red Cross (1896); Victoria Order of Nurses (1897).

Well before the turn of the century however there were indications that Canada was going through significant social and economic changes which would affect the need and provision for income security. The industrialization of Canada had been proceeding quickly since about 1850 with the development of sawmills, shipbuilding, flour milling, meat packing, cheese making, agricultural machinery, and iron works. The traditional staples—timber, lumber, wheat, and fish—still dominated, but along the St. Lawrence and the lakes, the mouth of the St. John, and coal of Cape Breton and eastern Nova Scotia industries were multiplying in number and growing in size. The adoption of a protective tariff in 1879 and the development of the railways opening wider markets in the west increased this rate of growth.

The late nineteenth century was characterized by a prolonged depression with only one minor boom. As new industries sprang up, the drive towards monopoly and industrial combination was beginning, with depression facilitating elimination of competition. By the 1880's Canada had had its first experience with mass industrial unemployment, labour organizations were developing some strength, and Parliament was to become involved in the problems of the new industrial order through a Royal Commission of the Relations of Labour and Capital.

As industrialization proceeded the self-sufficient extended farm family was gradually replaced by smaller families of industrial workers, reliance on farm home produce and fishing as a second line of defence when markets collapsed was no longer available for many families. With these developments new income security concerns emerged. The problems of injured and old workers began to receive some attention. The concept of pensions for older workers was much discussed and the Royal Commission appointed to inquire into the relations of labour and capital recommended a system of annuities to meet the needs of older workers. The first forms of workers' compensation legislation defining employer liability for work injuries were enacted in many provinces. The main solution to the income security problems of the day caused by depression and unemployment was however a massive exodus to the United States. Between 1871 and 1885 over 775,000 people emigrated to the United States.

The 1880's also saw a growing movement for provincial rights. The British North America Act of 1867 had originally been seen as providing for a strong, centralized federation. In 1882 in *Russell versus the Queen*, the Judicial Committee of the Privy Council supported this view by holding that the regulation of the trade in spirituous liquors was a subject of national jurisdiction under the 'peace, order and good government' clause of section 91 of the Act, not a matter of provincial jurisdiction under the property and civil rights subsection of section 92. Since then however a series of decisions were made supporting provincial rights. In *Hodge versus the Queen* in 1883 the Privy Council held that provincial legislatures were sovereign, not subordinate, within the limits of their powers under section 92. The principle that the general legislature was supreme and local ones subordinate was thus destroyed

by this case and replaced by a federal principle of coordinate and separate sovereignties. This and other decisions of the Privy Council supporting provincial rights were to have a profound influence on the development of jurisdictional responsibilities over income security programs. The movement for provincial rights was reflected in the first interprovincial conference of Premiers held in Quebec in 1887 to discuss the fundamentals of Confederation. In their public statements, the Premiers led by Mercier of Quebec and Mowat of Ontario, made it evident that in their view Confederation was a compact of the provinces which the provinces might modify or rescind.

1900-1930: the costs of industrialization: provincial responses

The turn of the century saw the beginning of an extended period of prosperity. The pace of industrialization accompanied by urbanization quickened. The development of hydro electric power stations spurred the pulp and paper and numerous light industries taking advantage of cheap and plentiful power supplies. With this prosperity came a huge influx of immigrants. Between 1900 and 1914 almost three million people immigrated to Canada, emigration to the United States slowed down, and the total population of the country increased from 5.3 million to about 7.9 million people. Unlike the settlers of the nineteenth century, a large number of these immigrants settled in urban areas as labourers in the manufacturing and service industries. In the first decade of this century, the population of urban Canada increased by 62% while the population of rural areas only increased by 17%. Manufacturing had already replaced agriculture as the most important sector of the economy by 1900 with a value of production estimated at \$481 million compared to \$364 million in agriculture. By 1920 the gross value of production in manufacturing increased to \$3,668 million.

Estimates of gross national product for this period show an accelerating growth rate up to 1920 followed by a decade of slower growth and then an absolute decline with the beginning of the Great Depression:

	Gross National Product*
1870	\$ 459 million
1880	581 million
1890	803 million
1900	1,057 million
1910	2,235 million
1920	5,529 million
1929	6,134 million
1930	5,728 million

*All statistics in this section from M. C. Urquhart and K. A. H. Buckley, ed., *Historical Statistics of Canada*, Toronto: MacMillan of Canada, 1965.

The first income security programs arose because of the social costs of industrialization and urbanization. Five types of needs emerged: more adequate compensation for injured workers; protection for employers against potentially costly common-law suits; retirement income for older workers; assistance for needy mothers with dependent children; and assistance to the unemployed.

Workers' Compensation was the first provincial program to be implemented. It had its beginnings in Ontario in 1910 when a Royal Commission was appointed 'to enquire into laws relating to the liability of employers to make compensation to their employees for injuries received in the course of their employment which are in force in other countries', and came into operation in 1915. The pressure for such a scheme came not only from workers and reformers but also business interests. By 1910 work injuries were such a serious problem that public sympathy was aroused and many employers taken to court by employees had been found negligent and thereby liable for increasingly generous awards. While no statistics are available on work injuries prior to the introduction of Workers' Compensation schemes, an indication of the magnitude of the problem of work injuries is provided by the fact by 1928 the number of industrial accidents reported by provincial Workers' Compensation Boards was over 123,000.*

The Ontario Workmen's Compensation system provided for cash benefits for wage loss resulting from accidents to all workers covered under the Act regardless of fault, and formed the model for similar legislation adopted by most provinces in the ensuing years. By 1921 all provinces except Prince Edward Island had enacted a law based on Ontario's statute, providing that compensation for industrial injuries was to be paid from a state fund operated on a collective liability, no fault basis. Compensation for work injuries thus became a matter of right for workers without the necessity of proving negligence on the part of the employer. In return for this right, injured workers surrendered their right under the common law to sue for damages resulting from work injuries. As noted previously, provincial authority for Workers' Compensation and for income insurance generally was firmly established by the courts in *Workmen's Compensation Board versus Canadian Pacific Railway Company* in 1920.

The end of the first World War also brought federal legislation providing pensions for war widows. Legislation on unemployment insurance was however not forthcoming until 1935 despite the high rate of unemployment experienced both before and after the war and continuous lobbying from the still relatively weak labour movement for comprehensive social security legislation providing for universal old age pensions, unemployment insurance, sickness insurance, and disability insurance. Unemployment was a serious enough problem before the war that the Ontario government named a Royal Commission on Unemployment in 1916 to recommend measures to deal with the expected return to high unemployment at war's end. The commission considered but rejected the idea of a state-run unemployment insurance program, urging the province instead to consider financial aid to company and trade union programs for unemployment benefits.

Provincial legislation providing financial assistance for mothers with dependent children was enacted around the same time. The first province to enact such legislation was Manitoba in 1916 and other provinces soon followed though not as quickly as with Workers' Compensation. A complete system of provincial mothers' allowances was not established in all provinces until 1950. These allowances were the first social assistance measures established by the

* Urquhart and Buckley, *op. cit.*

provincial governments to overcome the inadequacies of local assistance. Part of the impetus to provide such benefits came from the women's movement. There was general sympathy for preserving the family unit and enabling children to live at home despite economic hardship. The allowances were seen as a means of maintaining family relationships. Unlike Workers' Compensation however mothers' allowances were never seen as a right. The program philosophy was similar to that governing local assistance. The early programs were often only available to widows who were 'fit' mothers. In addition to these conditions as to the character or competence of the mother, residence and need, citizenship, asset limits, and age of dependent children restricted eligibility. Maximum benefit levels were always specified and there was apparent discretion to pay less.

Financial assistance for the aged was the last of these needs to be recognized by the senior levels of government although various groups had advocated some form of old age pensions since about 1907. The provinces were not willing to introduce old age pensions alone because they could not afford it and although the Liberals under Laurier had made a commitment for measures against 'unemployment, sickness and dependence in old age' the federal government was also reluctant to introduce such a scheme alone because pensions were a provincial concern under the constitution.

Until 1927, financial assistance to the aged was thus provided through local relief measures or private charity. The issue of financial assistance to the aged was studied by committees of the House of Commons in 1924 and 1925 and reviewed with the provinces.

The first bill providing for old age pensions was rejected by the Senate in 1926 on the grounds that it intruded into provincial jurisdiction. After an intervening election the bill was reintroduced in 1927. Considerable public sympathy for passage of the bill had been evident in the campaign. The bill provided for a means-tested, non-contributory payment to British subjects, aged 70 or more who had resided in Canada for at least twenty years.

A cost-shared means-tested old age pension plan was within the authority of the federal government since it was an appropriation of money and came within the spending power of Parliament in section 91 of the British North America Act. Under section 92, the provinces had the legislative authority to provide the pensions.

The Old Age Pension Act of 1927 was the first major costshared federal-provincial program. It provided for 50% of amounts actually paid as pensions to be reimbursed to the provinces by the federal government. This was increased in 1931 to 75%. Each province was expected to take the initiative and provide the pensions; it was required to enact legislation to put them in effect in accordance with the conditions established under the federal statute, to enter into an agreement with the federal government and to set up the necessary administrative machinery to take applications, process them and pay the pension, subject to a certain degree of federal supervision and after 1931, auditing of records. These same conditions appear in the subsequent shared-cost arrangements, first for unemployment relief, later the categorical programs and finally the Canada Assistance Plan. All of these shared-cost programs were based on the combination of federal spending power and provincial legislative jurisdiction first put forward under the Old Age Pensions Act.

The issues which were to arise during the next decade were precursors of those which came up as shared-cost arrangements rapidly expanded in the post World War II era. The first of these was cost, and the ability of the poorer provinces, in particular the Maritimes, to carry even half the pension burden. The province of Quebec was reluctant to join a program which did not fit well with its social philosophy; it questioned the authority of Parliament to enact such legislation in the first place. There was some resentment that the provinces were being forced by the federal government into a scheme which they did not entirely support—pensions for the aged were established by Ottawa as a priority item and it dictated the design of the program. The use of federal spending power to ease into an area of provincial jurisdiction seems to have caused concern—some provinces felt the federal government should not involve them in the plan.

1930-45: depression, war, and re-examination: federal responses

Despite the emergence of new income security needs with a population increasingly dependent on an unstable industrial economy, social legislation in the years prior to the Great Depression was minimal. The one exception was Workers' Compensation where support for reform was broad-based, including both workers and employers, and did not involve direct government expenditures as it was financed entirely out of levies to employers. It was thus not until the depression of the 1930's that the complete inadequacy of the doctrine of limited local responsibility for social assistance was brought to the fore.

The effects of the world-wide depression were especially severe in Canada because of prairie droughts which added to the unemployment and relief burdens of local governments. Canada's gross national product dropped from over \$6.1 billion in 1929 to \$3.5 billion in 1933.* By 1933, 15 to 20% of the population were dependent on municipal social assistance; over 25% of the male labour force were unemployed.**

Municipalities found themselves in a double bind. Even in the best of times they could not have handled such a large increase in persons requiring social assistance. Their principal source of revenue was the local property tax, but the same circumstance that caused the need for relief was also causing tax delinquency. As a result many municipalities either went bankrupt or were close to bankruptcy. As the guarantors of municipal debts, the provinces had increasingly to assume responsibilities from municipalities including responsibility for relief. Some provinces, notably Saskatchewan, had difficulties meeting these responsibilities. Saskatchewan was hit particularly hard by the collapse of markets and the drought and the federal government assumed the entire relief function by establishing the Saskatchewan Relief Commission.

Between 1930 and 1935, the federal government enacted a series of ad hoc unemployment relief measures each year under the belief that next year the depression would be over. Because of constitutional difficulties, even these ad

* Urquhart and Buckley, *op.cit*

** Marsh, L.C., *Report on Social Security For Canada*, Ottawa, 1942.

hoc measures which included the very unpopular relief camps for single, unemployed men established by the Department of National Defence, were introduced with some hesitancy. The first Unemployment Relief Act of 1930 stated 'unemployment, which is primarily a provincial and municipal responsibility, has become so general throughout Canada as to constitute a matter of national concern'.

These ad hoc measures to provide for federal sharing of relief costs proved inadequate. Facing an increasingly resentful and frustrated populace and serious protests such as the march to Ottawa and the confrontation with the RCMP in Regina in 1935, the federal government in 1935 introduced the Employment and Social Insurance Act. It provided for a system of nationwide compulsory insurance, to be financed by contributions from employees, employers, and the federal government. As noted previously, this Act was later declared *ultra vires* by both the Supreme Court and the Privy Council. Consequently, the federal government proposed a constitutional amendment which added unemployment insurance to section 91 of the British North America Act as an exclusive federal power. This received the unanimous consent of the provinces and in July 1, 1941, over eight years after the depth of the depression, the Unemployment Insurance Act of 1940 became effective. With the introduction of unemployment insurance, the shared-cost unemployment relief measures ceased. Some provinces assumed that the federal government now had total responsibility for the unemployed and withdrew from providing relief with the result that municipalities again became totally responsible for the unemployed who did not qualify for unemployment insurance. Most provinces however did not withdraw from providing relief and assistance to 'unemployed employables' continued as a joint responsibility of municipalities and provinces.

The depression years put a great strain on Confederation and the fabric of Canadian society. But the thirties also saw serious re-examination of the instability of capitalist economies, the role of the state, and the appropriateness of the division of powers under the constitution. In characteristic Canadian fashion, the re-examination spawned a host of Royal Commissions. In Quebec, as early as 1930 the Montpetit Commission studied income insurance and support. In the late thirties the federal government established the National Employment Commission, the Royal Commission on Dominion-Provincial Relations (Rowell-Sirois Commission), and the Marsh Report on Social Security in Canada. These commissions had a great influence on post-war planning and the social and economic policies pursued by governments.

The Rowell-Sirois Commission had perhaps the most important impact on government policy, although in the area of income security the Marsh Report contained the most comprehensive set of proposals. Rowell-Sirois proposed a system of equalizing grants to the poorer provinces and a comprehensive federal unemployment program. Like the earlier Montpetit Commission and the Marsh Report which was to follow, they argued that income insurance, and in particular unemployment insurance and old age pensions, 'are inherently of a national character' and ought to be run by the federal government. One of the reports of the Rowell-Sirois Commission contained an interesting and frank assessment of the philosophy behind the various proposals toward a welfare state then current:

Since the Great War, the Great Depression has been the chief stimulus to labour legislation and social insurance. The note sounded has not been so much the ideal of social justice as political and economic financial expediency. For instance, the shorter working week was favoured in unexpected quarters not because it would give the workers more leisure and possibilities for a fuller life but because it would spread work; and the current singling out of unemployment insurance for governmental attention in many countries is dictated by the appalling costs of direct relief and the hope that unemployment insurance benefits will give some protection to public treasuries in future depressions and will, by sustaining purchasing power, tend to mitigate these depressions.

(A.E. Grauer, *Labour Legislation: A study prepared for the Royal Commission on Dominion-Provincial Relations* (Ottawa 1939), 5-6).

While the Second World War had restored full employment, fear of another depression after the war was widespread and was the main force behind the numerous proposals for government social spending. As was the case with Workers' Compensation, support for unemployment insurance and social insurance generally was by no means restricted to workers, reformers, and farmers made militant by the depression. The business community was split, with resource-based export industry leaders opposing such reforms primarily because their markets were not based on domestic demand and who therefore viewed contributory social insurance schemes as an additional cost which they would not be able to pass on in competitive world markets. The manufacturers and retailers on the other hand were vigorous supporters of social insurance measures as a means of increasing purchasing power, while relieving labour unrest, and the increasing burden of municipal property taxation caused by relief. Their ability to pass on the costs of such schemes were, of course, considerably greater than those of resource-based industries since their markets were mainly domestic and protected by tariffs. This division amongst business interests was also based on regional differences with western producers opposing social insurance and eastern manufacturers supporting state insurance.

This reassessment and the resulting fiscal rationale behind social security measures characterized this period in most western industrialized states, the most direct influences on Canadian thought coming from the New Deal policies in the United States, the Beveridge Report in Great Britain, Keynes' economic theories, and the Atlantic Charter of 1941 which included 'freedom from want', 'social security' and 'fair labour standards' among its aims.

In addition to unemployment insurance, the establishment of the National Employment Service (the forerunner of the Department of Manpower and Immigration and the Commission on Employment and Immigration) in 1941 and the introduction of a universal Family Allowance program in 1945 were also motivated by this new fiscal philosophy of maintaining employment and purchasing power.

1945-60: spending is choosing—steps towards a federal welfare state

The new fiscal philosophy was officially announced by the federal government in 1945 at a federal-provincial conference when it tabled proposals 'for

establishing the general conditions and framework for high employment and income policies, and for (the) support of national minimum standards of social services'.

The proposals contained federal commitments to pursue:

- high and stable levels of employment and income through expansion of trade, expenditures on health and welfare, removal of war-time taxes, increased housing through mortgage guarantees, rent subsidies and public housing, capital expenditures on transportation and resource development and price supports for agriculture and fishing.
- national standards of health and welfare services, and equalization through Family Allowance, extensions to unemployment insurance, old age pensions, and a National System of health insurance. Included also was an offer to assume complete financial and administrative responsibility for welfare payments to 'unemployed employables' through an unemployment assistance plan to supplement unemployment insurance.
- equalization of levels of revenues available to the provinces through a system of annual per capita grants in exchange for which provinces would refrain from levying personal and corporate income taxes and succession duties.

As noted previously these policies were motivated in part by the fear of another post war depression. The influence of Keynes and the success of war-time controls in mobilizing the nation's resources contrasted with the helplessness of local and provincial governments during the depression reinforced the idea of an active state. To continue to play this new more active role the federal government needed to retain some of the authority it had obtained during the war as well as the bureaucratic machinery it had built up. During the war years the national civil service had grown from 46,000 to over 120,000. To pursue Keynesian economic policies one required a strong central government with effective control over fiscal and monetary levers. Many of these proposals involved the exercise of federal spending power in areas of provincial jurisdiction and met with provincial opposition, particularly from Quebec and Ontario. While the conference ended with disagreement on taxing power and the health and income security proposals, the approach adopted in the so-called Green Book proposals has marked federal government social policy for over three decades. Almost from the day the meeting adjourned the federal government began the process of implementing these proposals through piecemeal measures so that a decade later most of its elements were in place.

The 1945 federal-provincial conference also marked the beginning in a long series of similar conferences dealing with financial and constitutional issues and foreshadowed the institutionalization of such conferences as an arena for negotiating jurisdictional issues which until then had been dealt with through the courts.

The scene for resolving jurisdictional disputes thus moved from the courts to the political arena. But the sharing of powers and uncertainty surrounding the division has continued to act as a constraint upon policy-making.

The depression of the thirties and the war years had greatly strengthened the federal government because of the emergency residual powers granted to the federal authority under the constitution. The rise of provincial powers since then resulted initially from the lapsing of emergency powers and the reaction to

centralization of powers during the war years. Decline in defence expenditures reduced the role of the federal government, natural resource discoveries in some provinces strengthened the financial position of those provinces.

The growth of the Canadian economy during the war years continued uninterrupted marred only by minor recessions after the war. This growth characterized western economies generally and in part can be attributed to the much more active role played by central governments in managing and controlling their economies through growth-oriented policies and countercyclical fiscal and monetary policies. Yet the very success of these policies exacerbated jurisdictional disputes, for high growth meant further increases in industrialization and urbanization, new demands for highways, housing, and other urban amenities as well as health and social services, all areas of provincial responsibility. The resulting imbalance between responsibilities and resources combined with the federal government's desire to play a more active role in social policy have marked federal-provincial relations in income security in the post-war period. In that period, the federal government recognized that income transfer programs were a very important tool of economic policy.

General prosperity accompanied by a boom in the exploitation of natural resources in the early fifties enlarged the demand for government goods and services under provincial jurisdiction—highways, education, urban transportation and infrastructure, and social services. There were political factors also; the federal Parliament, overweighted by rural representation, was not as sensitive to the needs of urban growth as local governments. This strengthened the position of provincial and municipal governments. Because of the nature of our constitution and the weight of eighty-five years of judicial interpretations favouring provincial powers, the federal government could not fully assume its new active role without running into conflict with the desire of the provinces to reclaim some of the powers the federal government had assumed during the war.

The federal government adapted to the new circumstances by entering into a series of federal-provincial financial agreements involving tax-sharing equalization, per capita grants, and shared-cost programs. These measures restored to the provinces revenues from taxation of incomes and estates. Shared-cost programs provided incentives and means to carry out projects considered to be of importance (capital projects on training facilities, highways, municipal works, etc.) and to provide services of at least minimum national standards. But as provincial revenues grew, the shared-cost programs declined in importance. Since about 1964, under pressure from Quebec, the federal government has shown a disposition to withdraw from these schemes, especially those providing current services, and to replace such schemes with tax points and unconditional grants.

Changes in the federal and provincial shares of total government expenditures and expenditures on social welfare are shown below.

Unfortunately the data in the two tables cannot be directly compared as transfers are considered differently.* Nevertheless the trend indicated seems

* the historical data for both tables is derived from Bird, Richard M., *The Growth of Government Spending in Canada*, Canadian Tax Foundation, 1970. Bird treats transfers differently in the two circumstances reflected above.

Total expenditure by level of government*

	1930	1940	1950	1960
Federal proportion	37%	56%	52%	51%
Provincial and local proportion	63%	44%	48%	49%

Expenditure for social welfare by level of government**
(transfers counted with donor government)

	1933	1941	1950	1960
Federal proportion	52	64	81	84
Provincial proportion	48	36	19	16

clear: the federal government by and large succeeded in maintaining the large role it had assumed during the war and dominated social welfare spending.

After the Family Allowance program of 1945 the next federal initiative in income security was the Old Age Security program of 1952. Old Age Pensions had continued to be a recurring issue since the introduction of the means-tested pension in 1927. In 1950 the federal government appointed a joint committee of the House and Senate to study the matter.

The committee recommended a universal pension at 70 and a means-tested pension at 65, but included no recommendation on financing. If a constitutional amendment was necessary in order to levy an earmarked old age security tax, they suggested concurrent jurisdiction. A constitutional amendment was agreed to by the provinces in 1951, enabling the Parliament of Canada to make laws with respect to old age pensions; in order to obtain agreement from Quebec, the following clause was added which gave the provinces primacy powers—no law made by Parliament could affect ‘the operation of any law present or future of a Provincial Legislature in relation to old age pensions’. (section 94A)

Both programs came into effect January 1952. The Old Age Security program provided a universal \$40 a month pension for those 70 years of age and over who had resided in Canada for twenty years. It was financed and administered by the federal government; financing was from an old age security fund, the repository of the earmarked old age security tax. The Old Age Assistance Act required each province to pass enabling legislation and enter into an agreement with the federal government as in 1927. A means-tested pension of \$40 a month was to be cost shared when provided by the provinces to those 65 to 70 years of age with less than a specified income, financed from federal and provincial Consolidated Revenue Funds. The agreements provided that \$40 would be the limit for cost sharing purposes and they also specified maximum income limits; the provinces were free to go beyond these but would receive no reimbursement from the federal government.

All provinces but Newfoundland passed accommodating legislation and signed agreements with the Government of Canada for the means-tested pension as soon as the program came into effect. Newfoundland’s agreement was signed April 1, 1952 and was for a \$30 per month maximum pension

* transfers are included with recipient government.

** the historical data for both tables is derived from Bird, Richard M., *The Growth of Government Spending in Canada*, Canadian Tax Foundation, 1970. Bird treats transfers differently in the two circumstances reflected above.

(changed to \$40 in 1956) while the other nine provinces agreed to the \$40 per month maximum. Under the new plans the number of pensioners receiving benefits increased from 300,000 to nearly 700,000 receiving the universal pension and an additional 90,000 under the means-tested pensions.

Many provinces had in the meantime continued to develop their welfare programs and were providing assistance to persons not covered under cost-sharing. They pressed for extensions to federal cost-sharing.

In 1951 the federal government established a means-tested Blind Persons' Allowance similar to old age assistance. It provided for federal aid to the provinces of 75% of the cost of allowances, up to \$40 a month, to blind persons aged 21 years or more, subject to a means test and a residence qualification of at least 10 years. The program was administered by the provinces which had to pass enabling legislation and enter into an agreement. In 1955 the age of eligibility was decreased to 18 years.

The Disabled Persons Act of 1954 provided for federal aid to the provinces of 50% of the cost of allowances, up to \$40 a month, to totally and permanently disabled persons 18 years of age or more, not blind or disabled for causes covered by Workmen's Compensation, subject to a means test and a residence qualification of at least 10 years.

The provinces administered and financed their share of these programs, no participation being required at the municipal or local level. This relieved municipalities of substantial costs and significantly increased provincial assistance caseloads.

The Unemployment Assistance Act of 1956 provided for the first time federal reimbursement to any province entering into an agreement of 50% of the amount spent by the province and its municipalities on financial assistance to needy unemployed persons. It excluded the first .45% of the population who were presumed to be unemployable, mothers' allowance recipients and inmates of public and charitable institutions. The .45% limit was removed in 1957, and as a result federal cost sharing of assistance was extended to both the employable and unemployable.

This legislation came about as a result of pressures from the provinces on the federal government to enact a supplementary social assistance program for those temporarily unemployed due to the economic downturn of 1954.

No limits were placed on the levels of aid which the federal government would share; a means test was not specified as a condition of sharing. The individual was no longer the basic unit for the purpose of determining allowances.

With the passage of this legislation the trend to provincial assumption of jurisdiction over administration and financing of programs for the temporarily unemployed and the unemployable began. By 1959 all provinces had signed an agreement with the federal government.

The federal Unemployment Assistance Act had a profound influence on the provision of assistance to the unemployed and unemployable. A number of provinces in which there had been no programs for one or the other or both groups in 1957 and 1958 began such services. Standards with respect to allowance and administration were provided to municipalities. The jurisdiction of the provincial governments was paramount even though discretion was left to municipal administrators. By 1966, three provinces had themselves assumed

responsibility for the administration and financing allowances for the unemployed and unemployable.

During this period the federal government was also expanding coverage and benefits under unemployment insurance. In 1955 benefits were increased and a number of amendments introduced to enlarge regular and seasonal unemployment coverage. In 1959 further changes were introduced to extend the maximum duration of benefits to 52 weeks. Both the range of benefits and the qualifying period were extended and limited sickness benefits were introduced. These changes decreased the number of persons eligible for provincial and municipal social assistance. Nevertheless most provinces continued to urge the federal government to assume complete responsibility for 'unemployed employables'.

By the late 1950's the sense of national purpose arising out of the Second World War had resulted in federal dominance through increased centralization of most spheres of government activity. Higher levels of economic activity yielded increased government revenue and allowed the federal government to act in meeting social and economic problems through its spending power. The constitutional framework which through judicial interpretations had assigned to many spheres of activity to the provinces constrained but did not obstruct federal action while the momentum of national development persisted and the provinces remained willing to accede to federal leadership. With the economies of various regions of the country becoming more and more interdependent as businesses grew lobby groups pursued their goals through the federal rather than the provincial governments and it seemed that the trend towards centralization would continue indefinitely.

Nevertheless the rejection of the Green Book proposals and the constitutional constraints had meant that social security programs developed on an ad hoc, piecemeal basis.

But even as Canada moved towards a national income security system much like those suggested by various commissions of the 1930s and 1940s, serious disagreements over jurisdiction and the direction of social policy became evident. In 1956 the Quebec Royal Commission of Enquiry on Constitutional Problems (Tremblay Commission) argued that province's social philosophy differed from that of the rest of Canada and Quebec should 'take care to give itself a social security system consistent with its religious convictions, culture and the social traditions of its population'. While Quebec's approach to income security since 1956 has changed significantly from that envisaged by the Tremblay Commission, the Commission's view that the B.N.A. Act reserved to the provinces the entire income security area, including 'veterans' assistance, family allowances, old age pensions, unemployment insurance, etc.', has consistently characterized Quebec's position in federal-provincial negotiations. The Tremblay Report foreshadowed the end of the trend towards a highly centralized federation.

1960-present: further spending, provincial resistance, review and retrenchment

By the early 1960s, the 'Quiet Revolution' in Quebec and increasing resistance by most provinces to federal spending in areas of provincial jurisdiction marked

the beginnings of the piecemeal disintegration of the system of centralized federalism developed in the post war years.

A number of factors were associated with this swing back to decentralization: the return to a peace-time economy and the consequent decline in defence expenditures, an increasing demand for public spending in areas of provincial jurisdiction as urbanization and industrialization continued, a decline in the strength of the governing parties in Ottawa, and an increase in the competence and confidence of provincial governments. These factors weakened the federal government's ability to resist provincial pressures for decentralization leading it in 1962 to let the tax rental system of the post war years expire. The rapid shift in the relative strengths of the federal and provincial governments is indicated by changes in their shares of public expenditures:

Total expenditure by level of government*
(transfers included with recipient government)

	1960	1970	1975	1977
Federal proportion	51%	41%	44%	42%
Provincial and local proportion	49%	59%	56%	58%

Expenditure for social welfare by level of government
(transfers included with donor government)

	1960	1970	1975	1977
Federal proportion	84%	81%	78%	76%
Provincial and local proportion	16%	19%	22%	24%

In the social security area the first indications of the consequences of this shift came in the debates over pension policy. The implementation of universal pensions under the Old Age Security program of 1952 had not ended the concerns over the hardship suffered by senior citizens with low incomes. A pension of \$40 a month was hardly an adequate income. In the late 1950s and early 1960s these concerns coalesced with parallel concerns over the cost of universal pensions and the pressure for a contributory earnings—related pension plan to supplement the universal pension began to mount.

In the 1957 election the Conservatives made pensions an issue and advocated a contributory public pension scheme similar to the old age, survivors' and disability insurance program of the United States. When elected the Diefenbaker government commissioned a study of the old age security systems in Canada and the United States but during its term of office very little was revealed regarding the design of the plan the government had in mind. The government had apparently decided that survivors and disability benefits had to be an integral part of a new plan. But there were constitutional difficulties in introducing such a scheme since the 1951 amendment to the B.N.A. Act (section 94A) only extended federal authority to cover old age pensions. In January 1962 Diefenbaker wrote to the provincial premiers seeking an amendment to extend the scope of section 94A. By December nine

* Bird, Richard M., *op.cit.*

provinces had agreed to this request. Quebec, however, refused to consider any amendments before the details of the proposed federal plan were revealed.

The Liberals, the Social Credit Party, and the C.C.F. were also advocates of a system of earnings-related pension supplements. In 1958 the C.C.F. released a detailed policy statement calling for a two-tier pension plan: a universal pension of \$75 a month at age 65 financed out of general revenue (rather than by the existing old age security tax) and an earnings related pension financed out of employer-employee contributions.

In the same year the Liberals passed a resolution promising consideration of a national contributory pension scheme and in 1962 issued a proposal for an earnings-related pension plan with survivors' and disability benefits as a third-tier to the existing means-tested old age assistance for those 65-69 years of age and the universal pension for those over 70 years of age.*

In 1963 the newly elected Pearson government presented to Parliament a motion for the establishment of a contributory pension scheme to be federally administered across Canada. But the bills and accompanying white papers were debated at great length in Parliament and subject to extensive negotiations with the provinces. By the time the Canada Pension Plan was implemented in 1966 the shape of the plan had been significantly altered.

Pressures for changes to the original formulation came from business groups, some of whom were totally opposed to any public plan, labour organizations, who lobbied for higher benefits, the province of Ontario, which favoured the alternative of expanding and regulating private pensions, and the province of Quebec, which wanted to operate its own public pension plan.

Quebec's objections to the federal proposal might be considered the first instance of the modern form of dissention between that province and Ottawa with regard to income maintenance programs. The series of negotiations which followed might also be viewed as the ultimate expression and limiting application of co-operative federalism, with the means utilized to come to an agreement (the division of administrative responsibility) becoming less applicable in later altercations between Ottawa, Quebec, and increasingly the other provinces.

Quebec had consistently opposed federal incursions into social policy but previously its resistance had been weak and ineffective. The difference this time was that it had a well-developed alternative, a proposal which was in many ways superior to the federal formulation: it provided higher benefits, included survivors' and disability benefits, had less regressive contributions, and substantially greater funding. This last provision with its promise of a large source of social capital made the proposal extremely attractive to the other provinces.

The eventual result of negotiations was an agreement to parallel proceed with two plans, generally along the lines of Quebec's proposal. The Quebec Pension Plan would be administered by the province while in the rest of Canada Ottawa would administer the Canada Pension Plan. There were, however, the following conditions to Ottawa's administration:

- any amendment requires the approval of two-thirds of the provinces with two-thirds of the population

* See Bryden, K., *Old Age Pensions and Policy-Making in Canada*, Montreal: McGill University Press, 1974, pp. 137-146, for a more detailed examination of pensions as a political issue.

- any province may opt out and establish its own plan, and
- as provided in the 1951 constitutional amendment, no federal law may ‘affect the operation of any law present or future of a provincial legislature in relation to any such matter’ (of old age pensions).

In return, Ottawa received the unanimous consent of the provinces to amend further the B.N.A. Act allowing the payment of survivors’ and disability pensions as part of the Canada Pension Plan.

Thus through the Quebec Pension Plan, Quebec became the only province to take advantage of the provincial right under section 94A of the B.N.A. Act to establish its own public retirement insurance program.

In addition to pensions Quebec also took steps to control children’s benefits. The 1945 federal Family Allowance program had provided universal allowances for children up to 16 years of age. In 1961 Quebec initiated a schooling allowance for children 16 and 17 years of age. In 1964 when Ottawa established a similar program of youth allowances, Quebec obtained a fiscal transfer based on the amount the federal government would otherwise have had to pay for youth allowances in Quebec. Three years later the province increased children’s benefits by introducing a family allowance plan to supplement federal allowances.

Quebec’s ‘special status’ was further enhanced by the 1965 Established Programs Act allowing provinces to accept revenue transfers rather than conditional grants for specific programs. Since Quebec again was the only province to take advantage of this offer, by the end of the 1960s Quebec was the only province not participating in conditional grants for assistance to the aged, blind, disabled, and unemployed. However, these grants had by then been largely superseded by the Canada Assistance Plan.

The Canada and Quebec Pension Plans would only benefit those with a major attachment to the labour force and would take time to mature. Consequently there was continuing pressure in Parliament to give more support to those elderly who would not benefit from the Canada Pension Plan. In 1963, Parliament passed a bill increasing Old Age Security from \$65 to \$75 per month and amended the Old Age Assistance Act (as well as the Blind Persons Act and the Disabled Persons Act) to increase to \$75 per month the ceiling for sharing means-tested pensions. The province quickly took advantage of the higher ceiling. In 1965 the qualifying age for Old Age Security was reduced to 65 years. This was phased in over a five-year period and, thereby, the Old Age Assistance Act was phased out over the same period.

In 1966 the Senate Special Committee on Aging (Croll Committee), which had been established in 1963 recommended in its final report consideration of a guaranteed income program. In the same year, the Old Age Security Act was amended to provide a Guaranteed Income Supplement for pensioners with low incomes.

Federal social policy initiatives in this period were not limited to measures for pensioners. In 1965 the federal government announced that, in consultation with the provinces it would begin to negotiate a new and more comprehensive cost-sharing arrangement for provincial and municipal social assistance.

The Canada Assistance Plan of 1966 replaced these federal programs: unemployment assistance, old age assistance, blind persons allowance, and disabled persons allowances. Like these, it linked the legislative authority of the provinces to the spending power of Parliament. Assistance was to be provided

by the provinces. Cost sharing now included mothers' allowances, Child Welfare and Welfare Services and Non-Insured Health Services for people in need or likely to become in need.

A more liberal needs test rather than a means test was required in order to obtain federal cost sharing. Administration costs were shareable.

The Canada Assistance Plan was an expansionary document and probably the most harmonious product of federal-provincial relations of the decade. Its provisions were influenced by the report of the Quebec Committee on Public Assistance (Boucher Report) even though the Boucher Report recommended a retreat by the federal government in this sector. Most of the considerable growth of provincial welfare programs in the late sixties was well provided for by cost-sharing under the Canada Assistance Plan. Virtually the only non-shareable provincial programs were the Quebec and Newfoundland Family Allowance supplements. The Canada Assistance Plan thus allowed most provinces to consolidate the various income support programs operated provincially and municipally into a single comprehensive system of income maintenance. Its emphasis on eliminating the causes of poverty spurred the proliferation of welfare services.

The Plan was supported by both levels of government as a needed step to consolidate the various categorical cost-sharing measures which had been enacted in the previous decade. Both levels of government were involved in establishing its basic contents through an extensive process of consultation in the formulation stage.

Yet the plan was the last major shared-cost program. Even before it was to be fully implemented the federal government had changed its policy towards the provinces. Noting its vulnerability to provincial pressures on pensions and other issues, Ottawa adopted a new strategy with respect to the financing relationship between the federal government and the provinces. This would reaffirm the need for a strong central government but would limit financial involvement in areas of provincial jurisdiction, and it would attempt to reverse the trend towards special status for Quebec. This meant strengthening its power over economic policy by taking a firm position on tax-sharing while moving away from shared-cost programs. In the fall of 1966 during financial negotiations over tax sharing and equalization the federal government offered to replace cost sharing with income tax points and adjustment grants. In the prolonged and acrimonious* debates resulting from this federal strategy the idea of withdrawing from the Canada Assistance Plan was eventually dropped. But the basic approach to federal-provincial relations adopted by the federal government has not changed. Shared-cost programs are no longer the favoured vehicle for federal social policy initiatives.

Just as fiscal policy was a significant influence on development of social policy in the post-war years, fiscal matters—the imbalance between revenues

* The Ontario Treasurer's response to this federal strategy reflects the tone of federal-provincial negotiations during this period: 'Will the federal government continue to insist that the provinces should go their own way, raise their own taxes and concern themselves only with their own responsibilities without regard to the needs and requirements of governments as a whole? Is this what you really want? Is this your view of Canadian federalism...Do you really wish to have a tax jungle? Do you really wish to have a Balkanized economy? Do you really wish to have ten economic principalities in Canada?' Quoted in Simeon, Richard, *Federal-Provincial Diplomacy: The Making of Recent Policy in Canada*, Toronto: University of Toronto Press, 1972, pp. 86-87.

and responsibilities—have been the primary focus of federal-provincial negotiations. Thus financial issues—tax-sharing, equalization, and shared-cost programs—have always been in the background of social policy discussions. In the Canada Pension Plan negotiations for example, many governments designated officials from their finance rather than their social service departments. These officials were less concerned with the actual provisions of the pension plan than with the dispositions of the fund.

By 1966, when the principal components of the current income security system were in place, its piecemeal development had contributed to a complex and confusing entanglement of jurisdictional arrangements. And in spite of the many federal and provincial income security programs, poverty persisted. Influenced in part by the 'War on Poverty' in the United States, Canada in the 1960s rediscovered the poor. This led to proposals for social reform and the enactment of various anti-poverty measures. In 1968 a Senate Committee on Poverty (Croll Committee) was appointed, and it added to the calls for reform the weight of its 1971 report proposing a guaranteed annual income.

The years since 1966 have thus seen several attempts to rationalize and reform the system, but the result has been further incremental additions and expansions to existing programs. Three major federal discussion papers proposed reforms to the system, while in Quebec a massive study of income security was undertaken by the Commission of Inquiry on Health and Social Welfare (Castonguay-Nepveu Commission). Meanwhile income security was becoming central to constitutional review.

By 1967 basic questions regarding the sharing of responsibilities between jurisdiction raised by pension and fiscal arrangements negotiations were being addressed explicitly and a lengthy, comprehensive process of constitutional review was launched.

This intensive review of the sharing of responsibilities under the constitution resulted in the 1971 Victoria Charter. As noted earlier the Charter was rejected by Quebec. Quebec's proposals to increase provincial jurisdiction over income security stemmed in part from the Castonguay-Nepveu Report, which envisaged a comprehensive and integrated program of income security to replace the patchwork of federal and provincial programs then in effect. Comprehensive reform of income security required clear constitutional supremacy in these fields.

The federal government proposals initially envisaged more limited reform. The 1970 White Paper, *Income Security for Canadians*, noted that since a single comprehensive income security system was not possible the federal role involved co-operating with the provinces to make all income security measures more effective. It proposed a large increase in child benefits under a new program name called the Family Income Security Plan, which would replace Family Allowance with an income-tested benefit. A general review of jurisdictional responsibilities for income security was not part of the White Paper; this issue had been dealt with in 'Income Security and Social Services', one of the working papers on the Constitution published in 1969.

The Family Income Security Plan, which would have allowed provinces to vary the design of the program to suit themselves, was generally supported by the provinces but died amid protest from federal opposition parties and private citizens. A provision allowing for provincial flexibility in the design of a federal

program, however, was later incorporated in the Family Allowance amendments of 1973.

The White Paper also included proposals for changes in the Guaranteed Income Supplement and Old Age Security. The proposals were implemented in 1971, but in 1972 there were further changes which reversed the White Paper proposals on Old Age Security. The benefit level under GIS was increased in 1971 and the benefit under OAS was pegged at \$80. In 1972, the escalation under OAS was restored to the full cost of living without a 2% ceiling which had previously applied.

A second federal White Paper, *Unemployment Insurance in the 70's*, proposed a major liberalization of the unemployment insurance program, making coverage universal, improving sickness benefits, adding maternity benefits, upgrading financial benefits, and lowering qualifying periods. Most of these proposals were implemented in 1971 under a new comprehensive Unemployment Insurance Act which extended benefits to more than 1,200,000 Canadians not previously included. While this was in large part an attempt to bolster aggregate demand, it also represented the culmination of the commitments first expressed in the Green Book proposals of 1945. Under the new Act the federal government explicitly committed itself to pursuing full employment by assuming responsibility for financing the costs of unemployment insurance over a national unemployment rate of 4%.

By the early seventies the limitations of the Canada Assistance Plan were also being felt. Provinces began to implement programs to supplement the Old Age Security/Guaranteed Income Supplement. British Columbia was the first province to introduce a provincial elderly supplement; other provinces introduced similar supplements shortly afterwards. These programs were only partially cost-shared after complex, mainly bilateral, negotiations.* Provinces also began to establish various new initiatives for the provision of, for instance, drugs, day care, dental care, ambulances, home care, and nursing home care on a more universal basis. These programs were not clearly covered under the needs-test provisions of the Canada Assistance Plan, and some even resulted in a loss of cost-sharing.

As income security programs had now increased in scope, complexity, and number it became more apparent that no single program could be considered in isolation from another. It also became apparent that the growth of so many non-integrated programs was leading to both interregional and interpersonal anomalies. Thus, in late 1972 the provincial Ministers of Welfare called for a comprehensive review of Canada's social security system. The federal government agreed, and a federal provincial review of the entire social security system began in April 1973 with the tabling of Canada's 'Orange Paper', a *Working Paper on Social Security in Canada*. Among the recommendations of the Orange Paper were a substantial increase in Family Allowances, coupled with provincial determination of the precise amounts to be paid to different families within their boundaries.

A structure for intense discussion was established under the rubric of 'The Social Security Review'. Aside from consultation on Family Allowance, the review also made various immediate changes in the Canada Pension Plan. At

* Ontario's GAINS(A) Program is not cost-shared: Ontario did not apply for cost-sharing for this program.

least some of the revisions of the Canada Pension Plan were made necessary by earlier increases in the Quebec Pension Plan's escalation of benefits and maximum pensionable earnings.

The agreed-upon task of the review was to gain a consensus on design of an improved system and then to find ways to implement this consensus. The federal working paper outlined guiding principles for the review, the characteristics of a 'model' social security system, and a series of proposals under an employment strategy, a social insurance strategy, an income supplementation strategy, and a social and employment services strategy to achieve fundamental reforms. It stated that a federal-provincial strategy outlining propositions on the sharing of responsibilities between governments would be determined after establishing a theoretical formula for a guaranteed minimum income.

During the early stages of the review a number of income security programs and initiatives were undertaken by both the federal government and a number of provinces. Saskatchewan's Family Income Plan, providing an income-tested supplement to families based on family size, may be considered the first major reform of existing needs-tested welfare programs. It was followed in 1975 by the federal government's income-tested allowance for spouses aged 60 to 64 and dependent on pensioners.

Thus in the late 1960s and mid-1970s two connected phenomena occurred: first an increase in provincial unilateral programs, and thus a geometric growth in the complexity of Canada's income maintenance system, and second, the establishment of a federal-provincial review structure in an attempt to integrate Canada's income maintenance system.

Despite intensive effort and numerous meetings of ministers and senior officials, instead of agreement on comprehensive reforms to the system, the income maintenance aspect of the Social Security Review resulted in a proposal to replace the Canada Assistance Plan with an income support and supplementation scheme. This proposal was rejected by some of the provinces in 1976, in part because of opposition to another major shared-cost program and in part because by the mid-1970s the economic and political environment facing governments had changed. The high rates of growth experienced by the Canadian economy during the post-war period had been disrupted by years of double-digit inflation, recession, high unemployment, and low and uncertain growth. It became increasingly evident that the country had entered a period of slower economic growth that would continue into the foreseeable future.

For governments these changes meant that revenue growth slowed and public pressure to pursue policies of restraint increased. The new circumstances made it evident that commitments such as that made in the Unemployment Insurance Act of 1971 could not be kept, that the federal government would not accept the burden of financing the total cost of unemployment in excess on 4%.

The result has been the retrenchment and sudden shifts in policy occurring today: the series of Unemployment Insurance reductions, the Family Allowance reductions and the introduction of the Refundable Child Tax Credit. Having failed to reform the system through the Social Security Review, the federal government has apparently been unable to maintain serious consultation with provincial governments. In this period of restraint the provinces have become increasingly vulnerable to unilateral federal initiatives, reductions in federal programs have increased provincial social assistance expenditures; the

federal government's sense of urgency in adopting changes in its programs has been heightened; and co-operation between levels of government has become much more difficult than in periods of economic boom.

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Chapter III

An inventory of income security programs

The inventory of major federal and provincial income security programs compiled by the Task Force enables the income security system as a whole to be examined in detail and each individual program to be analyzed as a component of the system in terms of its relationship to other programs and to the total system.

The inventory describes the following programs:

Senior Citizens programs

Old Age Security

Guaranteed Income Supplement

Spouses' Allowance

Provincial Supplements to the Elderly

Children's Benefits

Federal Family Allowance

Family Allowance Supplements in Quebec and Prince Edward Island

Saskatchewan Family Income Plan

Federal Refundable Child Tax Credit

Unemployment Insurance

Workers' Compensation

*Canadian Pension Commission (Veterans Benefits)**

Canada/Quebec Pension Plan

Basic Provincial and Municipal Social Assistance

*War Veterans Allowance/Civilian War Allowance**

Program descriptions include the purpose of the program, the eligibility requirements, the economic and social influence of programs in terms of expenditure, financing, and caseload, their administration, and the relationships among programs.

Because of limited time, consideration could not be extended to the influence of the income tax system. As well, certain important elements of the income security system itself had to be omitted: the wide variety of subsidies for particular goods and services (such as housing, day care, home care), the income security system for natives, institutionalized recipients of social assistance, and social assistance clients receiving only non-insured health benefits. One element of the income security system—provincial tax credits—could only be dealt with an aggregate form.

* While income security programs for Veterans could be usefully considered in a separate section, it is convenient within the context of the inventory to associate the individual programs with roughly comparable programs for the general population. This facilitates making comparisons between the exclusively federal veterans' programs and provincially administered programs with similar objectives.

Even with these omissions, this inventory includes about fifty programs, of which forty-one are a provincial responsibility. The reader should bear in mind that although approximately fifty federal and provincial programs are inventoried, there are essentially only fourteen different types of programs across Canada, which could be classified as follows:

Provincial Responsibility

- Social Assistance
- Workers' Compensation
- Child Benefit Allowances
- Guaranteed Income Supplement
- Guaranteed Income for Handicapped
- Guaranteed Income for the Elderly (60-64) or those not in receipt of GIS
- Quebec Pension Plan*

Federal Responsibility

- Old Age Security
- Guaranteed Income Supplement
- Spouses' Allowance
- Family Allowance
- Refundable Child Tax Credit
- Unemployment Insurance
- War Veterans Allowance
- Canada Pension Plan*

These fourteen types of programs can be categorized by benefit group as shown in Table 1.

The large number of provincial programs occurs because *each* province/territory operates a social assistance program, *each* province/territory operates a Workers' Compensation program, and so on. This variety of provincial programs means that no consolidated description of them can be given without glossing over, to a degree, the detailed provisions of each, an approach that was necessitated in the preparation of this document.

A description of the programs is complicated because no fully satisfactory grouping of them has emerged. Table 2 classifies programs as provincial assistance, municipal assistance, workers' compensation, senior citizens benefits, and so on. But the classes are not mutually exclusive: for instance a senior citizen may receive benefits from Workers' Compensation although this program has not been categorized as a senior citizens program. Despite the lack of precision, this classification remains useful and has formed a basis for the detailed description of the income security system in this chapter.

The data were derived from questionnaires completed by the individual provinces and territories and by the appropriate federal government departments. While considerable effort was exerted to ensure comprehensiveness, accuracy, and comparability in these data, some oversights and inaccuracies will no doubt remain. A number of tables and charts appear throughout the text; however, the bulk of the available statistics is presented in tables which appear in appendix C.

* It is of course understood that responsibility for pensions is defined by a special arrangement between the federal government and the provinces under an amendment to the BNA Act. Although shown under both Provincial and Federal Responsibility, CPP/QPP is considered as *one* type of program.

The income security system

Overview

The Canadian income security system has evolved since 1867 in a framework governed by the dynamics of federal/provincial jurisdictional disputes and in reaction to economic and social circumstances. The most profound of these was the depression of the 1930s. During, and just after that time, a number of objectives of the income security system were articulated and remain today:

- assurance of adequate incomes through the transfer of monies or goods in kind;
- assurance of continuity of income by protection against unforeseen interruption of earnings;
- provision of an incentive to work and to improve oneself for beneficiaries of social security; and
- assurance of a reasonable lifetime distribution of income through transfers to the young and pensions and saving plans for the old.

These objectives underlie over eighty government programs which can be thought as the income security system in Canada. However, the Task Force narrowed its focus within the eighty programs to include only programs that transfer money to individuals or families, but do not subsidize particular goods and services. This means that the following analysis is confined to the fifty programs identified in Table 2. Programs such as provincial tax credits*, social services subsidies, and housing subsidies were not included in the detailed

TABLE 1 Income Security Programs Jurisdiction and benefit group

Jurisdiction	Elderly	Children	Others (unemployed, handicapped, etc.)
Provinces	—Income Supplements for GIS recipients (all provinces except New Brunswick, Quebec, Prince Edward Island, Nova Scotia and the Yukon)	—Child Benefit Allowances (Saskatchewan, Quebec and Prince Island)	—Social Assistance (all provinces and territories)
	—Guaranteed Income Supplement for the Elderly between 60-64 or those not in receipt of GIS (British Columbia only)		—Workers' Compensation (all provinces and territories)
	—Quebec Pension Plan		—Guaranteed Income for the Handicapped (British Columbia only)
Federal	—Old Age Security	—Family Allowance	—Unemployment Insurance
	—Guaranteed Income Supplement	—Refundable Child Tax Credit	—War Veterans Allowance
	—Spouses' Allowance		
	—Canada Pension Plan		

* Data on tax credit programs appear in charts giving aggregate expenditures, revenues, and caseloads in the following pages.

TABLE 2 Inventoried income security programs: provinces, territories, and Canada 1977-8

Jurisdiction	Provincial assistance	Municipal assistance	Workers' compensation	Senior citizens' benefits	Children's benefits	Other	GAIN for handicapped	GAIN for seniors 60-64	Other	Pensions
B.C.	GAIN Basic Income Assistance		Workers' Compensation	GAIN for seniors, Supplementary Benefits						GAIN for seniors not receiving OAS/GIS
ALBERTA	Social Allowance		Workers' Compensation	Alberta Assured Income Plan						
SASK.	Saskatchewan Assistance Plan		Workers' Compensation	Saskatchewan Income Plan	Family Income Plan					
MANITOBA	Social Allowances	City and Municipal Welfare	Workers' Compensation	Supplement for the Elderly						
ONTARIO	Family Benefits (GAINS D)	General Welfare Assistance	Workmen's Compensation	GAINS A						
QUEBEC	Social Assistance Program		Workmen's Compensation		Quebec Family Allowances' Plan					Quebec Pension Plan
N.B.	Social Assistance		Workmen's Compensation							
N.S.	Family Benefits	Municipal Social Assistance	Workmen's Compensation	Special Social Assistance						

P.E.I.	Welfare Assistance	Workers' Compensation	F.A. Supplement
NFLD	Social Assistance	Not Available	
YUKON	Not Available	Not Available	
N.W.T.	Social Assistance	Not Available	Supplementary Benefits to the Elderly
			Old Age Security
			Family Allowance
			War Veterans' Allowance/ Civilian War Allowance
			Unemployment Insurance
			Canada Pension Plan
CANADA			
			Guaranteed Income Supplement
			Refundable Child Tax Credit
			Canada Pension Commission (Veterans)
			Spouse's Allowance

inventory. While these programs are very important, the Task Force has concentrated on major income transfer programs because of time and other limitations.

Income security programs may be broadly classified as follows: *demo-grants* are made to a person irrespective of their financial situation (eg. Family Allowance and Old Security). *Social insurance programs* make payments on the basis of previous earnings and contributions (eg. Workers' Compensation and the Canada/Quebec Pension Plan). Finally, *income related* programs make payments on the basis of established financial need (eg. the Guaranteed Income Supplement and Basic Provincial and Municipal Social Assistance). It is also common, though somewhat arbitrary, to categorize beneficiaries according to target groups: the aged, the disabled single parents, and unemployed employables. These classifications lead to the useful though schematic overview of the income security system in Figure 1. It depicts the considerable potential for relationships among the programs which may serve the same recipients either concurrently or consecutively. Thus, an elderly person may concurrently receive Old Age Security and Canada Pension Plan; or an unemployed individual may first seek Unemployment Insurance, and when the social insurance benefits are exhausted apply for social assistance. In fact, Figure 1 underrepresents potential interrelationships because each of the provincial program blocks in this figure actually represents up to twelve programs.

In 1977-8, the programs displayed in Figure 1 (along with provincial tax credit programs) transferred about \$16.7 billion to individuals and families. This amounted to over \$700 for every Canadian and 10% of personal income in the country. The proportion of the \$16.7 billion attributed to each program area appears in Figure 2, where the federal dominance in expenditure is quite clear—about 76% of the total. Not all these monies, however, are of equal importance to recipients. For instance, income related transfers—those designed to provide money so that people can afford necessities such as food, clothing, and shelter—are most important to recipients and, contrary to the general federal dominance of income security, these income-related programs are substantially a provincial responsibility. This is shown in Table 3.

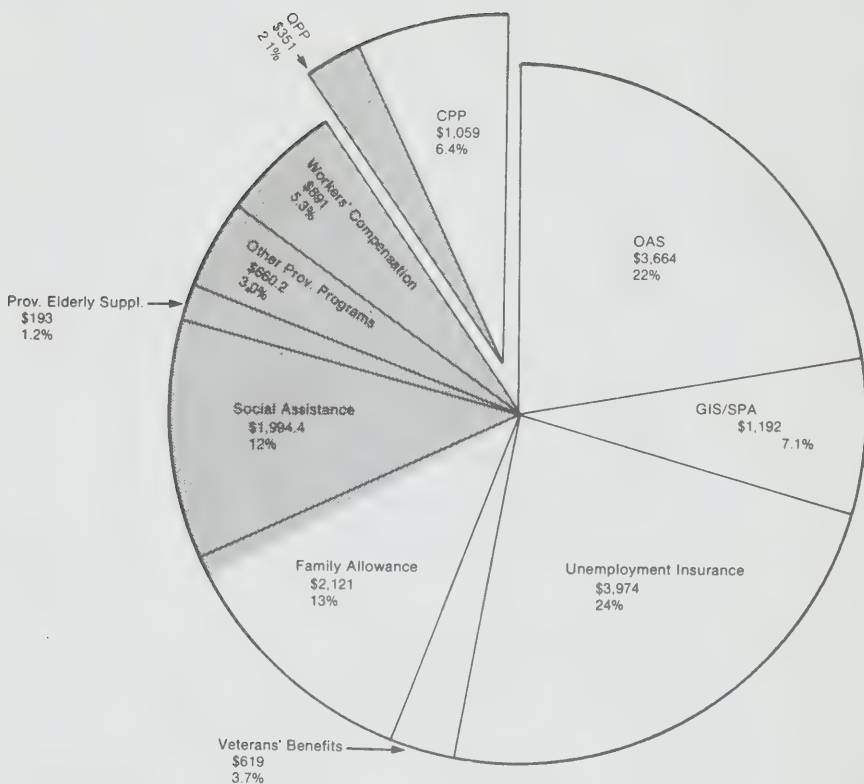
TABLE 3 Federal and provincial program expenditure by type of program (Income security programs 1977-78, \$ million)

	Jurisdiction		
	Federal	Provincial*	Total
Demogrants	\$ 5,785	\$ 157.2	\$ 5,942.2
Social insurance	5,436	1,243	6,679
Income-related	1,408	2,187.4	3,595.4
Tax credits		502	502
Total	\$12,629	\$4089.6	\$16,718.6

*A portion of these expenditures are cost-shared by the federal government though the provinces retain jurisdictional authority.

TARGET GROUP					TYPE OF PROGRAM
Children	Age	Absence of Spouse	Disabled	Deficient Earnings : Unemployed Employables	
					Demogrants
					Social Insurance
					Income Related

☒ Provincial Programs
☐ Federal Programs



Provincial and Municipal Programs (includes QPP)	\$ 4,089.6 million (24%)
Federal Programs (includes CPP)	\$12,629 million (76%)
Total Program Expenditure	\$16,718.6 million
Administrative Expenditures	\$ 543 million
Total Expenditures	\$17,261.6 million

FIGURE 2 Program expenditure (Income security programs 1877-8, \$ million)

Administration of these fifty programs (and the provincial tax credit programs) cost \$543 million, or 3.2% of benefits in 1977-8. Among the three broad program types, the Task Force observed a trend in administrative expenditures as a proportion of total expenditure: this proportion was lowest for demogrants at .5%; it was 3.5% for social insurance, and 7.5% for income related programs. This trend reflects increasing complexity of eligibility determination and management.

In 1977-8 nearly \$20 billion was collected to finance the inventoried programs and provincial tax credits. A surplus of revenue over expenditure of about \$3 billion occurred. This is introduced by the social insurance programs where contributions—i.e. ‘revenue’—greatly exceed payments because these contributions are set aside to fund future contingencies. The remaining programs derived just enough revenue from government consolidated funds to meet costs. A breakdown of the \$20 billion among levels of government and social insurance contributors appears in Figure 3. The reader should note that federal cost-sharing is included with the federal government rather than the provincial governments who spend the funds in the first instance.

Aside from Family Allowance and Tax Credit recipients, about 3.9 million individuals and families were reported as receiving one or more* income security benefits during each month of 1977-8. Unfortunately, the reported data do not always distinguish between families and individuals; for this reason, the Task Force cannot report conclusively on the number of *persons* actually having access to the transfer income of ‘primary’ recipients. But it would appear to be over 5 million people during any month in 1977-8. Of these 5 million people around one-half were completely dependent on this source of income to meet basic needs. We found that there was considerable turnover among the dependent population so that over the year and estimated 7 million people (or 30% of the Canadian population) received benefits at one time or another. For 3-3.5 million of these (or 16% of the Canadian population) transfer payments were a vital source of income. Regarding Family Allowance and tax credits, the Task Force found that the former were paid to 3.5 million families on behalf of 7.2 million children, while the latter were paid to about 3.6 million individuals.

Some central statistical features of the programs are presented in Table 4 while Tables A1 through A18 of Appendix C contain additional numerical data on the programs.

Design features of income security programs

Unless otherwise indicated, discussion is generally organized around the three broad program classes—demogrants, social insurance and income related programs.

Eligibility criteria

All programs require that certain conditions be met before benefits are paid. These conditions—the eligibility criteria—become increasingly strict as one

* The potential for overlap among programs has meant that all figures of total recipients must be estimates with double or triple counting removed.

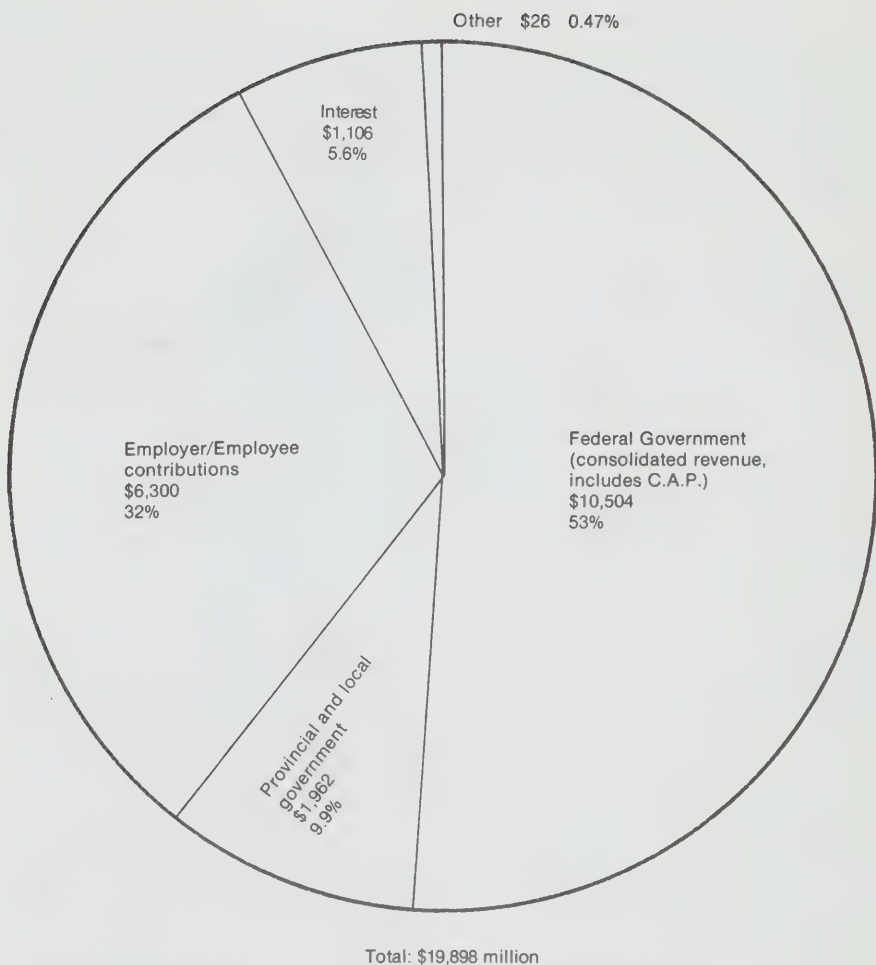


FIGURE 3 Source of financing (Income security programs 1977-8, \$ million)

considers in turn, demogrants, social insurance, and income related programs. This general pattern is confirmed in Table 5.

Demogrants (such as Family Allowance and Old Age Security) are almost universally available to or on behalf of all those in the appropriate age class and so establishment of eligibility is generally a straight forward matter. Family Allowance is paid to a parent who is a Canadian citizen or landed immigrant on behalf of all dependent children under age 18. The conditions for receipt of Old Age Security are moderately more complex as a residency period is required: either ten years consecutive residency prior to the 65th birthday

TABLE 4 Central statistical features by program (Income security programs, 1977-78)

Program	Benefit Expenditure (\$ million)	Administrative Expenditure (\$ million)	Total Expenditure (\$ million)	Revenue (\$ million)	Administrative Expenditure As % of Total Expenditure	Average Monthly Beneficiaries (000's)	Average Monthly New Cases (000's)	% "Turnover"	Average Benefits Per Case \$
Family Allowance	2,121	12.1	2,133.1	2,134	0.6%	7,185	49	0.7%	24.60/mo.
Old Age Security	3,664	19.9	3,683.9	3,684	0.4%	2,051	15	0.7%	149.00/mo.
Canada/Quebec Pension Plans	1,410.5	36.6	1,447.1	3,320	2.6%	1,266	18	1.4%	93.00/mo.
Canadian Pension Commission	403	10.5	413.5	414	2.6%	137	1.2	0.9%	245.00/mo.
Unemployment Insurance	3,974	174.0	4,148.0	4,340	4.4%	733	195	27.0%	104.00/wk.
Workers' Compensation	891	110.0	1,001	1,573	12.3%	202	87	40.0%	176.00/mo.
Provincial Social Assistance	1,994.4	146.0	2,140.4	2,140	7.3%	636	37	2.9%	262.00/mo.
War Veterans Allowance	216	17.1	233.1	232	7.9%	95	1.1	1.2%	190.00/mo.
GIS/SPA/Prov. Elderly Supp.	1,385.5	3.4	1,388.9	1,389	1.8%	1,190	N/A	N/A	GIS-\$80; SPA-\$134; PSE-\$32/mo.
Tax Credits	502	6.0	508.0	508	1.2%	3,666	N/A	N/A	137/yr.
Other Provincial Programs ^a	157.2	7.3	164.5	164	4.9%	1,912	N/A	N/A	
Total	16,718.6	543.0	17,261.6	19,898	3.3%				

^a includes Saskatchewan FIP, Quebec and Prince Edward Island Family Allowance.

TABLE 5 Examples of eligibility criteria under some major income transfer programs

Program	Demographic Characteristics (eg. -age, family structure)	Previous Contributions	Disability	Availability for Employment	Income
<i>Demigrant:</i>					
Family Allowance	X				
Old Age Security	X				
<i>Social Insurance:</i>					
Canada/Quebec Pension Plans	X	X	X	X	
Workers Compensation		X	X	X	
Unemployment Insurance	X	X		X	
<i>Income-related:</i>					
Guaranteed Income Supplement/Spouses' Allowance	X				X
Provincial Supplement to Elderly	X				X
Social Assistance	X		X	X	X

(each one year gap in this continuous period may be made up by three years residence prior to the 55th birthday) or a total of forty years residency since age 18.*

Social insurance benefits (that is those from Canada/Quebec Pension Plan, Workers' Compensation, Unemployment Insurance, and so on) are paid to, or on behalf of clearly defined groups of contributors who have become partially or fully unemployed because of age, disability, or inability to find work. The Canada and Quebec Pension Plans cover virtually all members of the labour force. The pensions become payable to the contributors in the event of retirement or long term disability and payable to survivors in the case of death. Major eligibility decisions are thus clear-cut although medical assessment of disability is required.

Workers' Compensation premiums are levied on employers at a rate reflecting the incidence of disability and injury in particular industries. Benefits are available to employees whose occupationally-related injury or disease had resulted in death, permanent impairment, temporary disability, or a need for medical treatment. The principal eligibility decisions are therefore clear-cut depending principally upon medical advice of the extent of disability.

Finally, Unemployment Insurance benefits are available to previous contributors who are temporarily unable to secure employment. The assessment of eligibility depends on keeping track of contribution; ongoing eligibility is governed by a mandatory reporting system and through periodic meetings with the staff of the Unemployment Insurance Commission. Thus the conditions for receiving benefits are relatively easily specified.

Income related programs (Guaranteed Income Supplement, Spouses Allowance, provincial supplements for the elderly, Saskatchewan Family Income plan, and provincial /municipal social assistance) generally utilize a two-phase eligibility determination process: the first phase involves the establishment of certain demographic characteristics of the applicant; the second phase includes an assessment of available income. Thus, the Guaranteed Income Supplement/Spouses' Allowance are available to the aged** (the demographic characteristic) pensioners whose annual family incomes (based on a modified definition of income reported through the income tax system) fall below a particular level. Provincial elderly supplements are paid to those already in receipt of the Guaranteed Income Supplement (and sometimes the Spouses' Allowance thus eligibility is reasonably automatic and has, in practise, often been automated.

The Saskatchewan Family Income Plan makes monthly payments to families who have children and who have low annual family incomes (the definition of income generally follows that used in the income tax system). Recipients are expected to submit quarterly statements on actual income and a yearly reconciliation of benefits and income occurs.

The Social Assistance program operated by each province, territory, and by municipalities in three provinces, assures income when all other resources

* The residency requirements were simplified in July 1977 so that the Old Age Security pension is 'earned' at a rate of 1/40 of the maximum for each year of residence since age 18. Under these new rules, the minimum monthly pension will be 10/40 of maximum. The new rule will be phased in during a 40 year period.

** The Guaranteed Income Supplement is available to those OAS pensioners over 65 while the Spouses' Allowance is available to those aged 60-64 who must also be the spouse of an Old Age Security recipient.

have been exhausted. Eligibility criteria are the most wide ranging of any program. First, an assessment of disability, an assessment of employability, or determination that an applicant is a single parent may be required. Second, the actual monthly payment is calculated according to a needs test which not only incorporates family income and assets (and the verification entailed in that) but also the family's financial needs for food, clothing, shelter and other items particular to that family.

In conclusion, demogrants are paid to groups sharing easily identified demographic characteristics; social insurance benefits are available to workers who have experienced a loss of income; finally, income related benefits are paid to families and individuals often with particular demographic characteristics and with financial circumstances that require considerable assessment.

Indexing

Income security programs modify benefits in a variety of ways to compensate for changes in the standard of living, generally through indexing benefits by the Consumer Price Index. Because social insurance programs only replace incomes below a certain maximum, this maximum itself may be subject to adjustment from time to time as well. The practices followed in programs are summarized in Table 6. This Table reveals two patterns:

- social insurance benefits tend to be indexed and maximum contribution tend to be adjusted through a formal mechanism, and,
- indexing is less common among provincial than among federal programs.

Collection of overpayments

Despite the care generally taken in eligibility and entitlement decisions, recipients are sometimes overpaid because of administrative error, fraud, client ignorance, or the non-synchronized nature of payments from several sources.

All programs retain records of these overpayments and endeavour to recover the debt from both present and past clients. However, the reduction of present benefits, and the collection from past clients, is generally subject to administrative discretion. The administrative discretion takes various forms: limiting the amount recollected; arranging repayment plans tailored to the resources of a recipient; or allowing for the debt to be waived. Such discretion is necessary because clients cannot always be expected to have the repayment available, either when the overpayment is detected or in the future. For instance, an overpayment established for a recipient social assistance poses this dilemma: if benefits are reduced, then the benefits actually paid may be less than a subsistence income for the family; on the other hand, if benefits are not reduced, the potential for collecting overpayment is diminished. This dilemma is not as profound for programs which are not assuring basic needs.

Financial work incentives

Included among the goals of the Canadian income security system is the encouragement of individuals dependent on public funds to secure employment or otherwise provide for themselves. This goal can be achieved through

TABLE 6 Income security program provisions accommodating changes in the standard of living (Income security programs, 1977-78)

Program	Indexing of Benefits	Adjustment of Maximum Contributions
<i>Federal</i>		
Old Age Security	Quarterly by Consumer Price Index	Not Applicable
Guaranteed Income Supplement/Spouses' Allowance	Quarterly by Consumer Price Index	Not Applicable
Family Allowance	Annually by Consumer Price Index	Not Applicable
Canada Pension Plan/Canadian Pension Commission	Annually by Consumer Price Index	Annually by 12.5% until reaches Industrial Composite of wages/salaries
War Veterans Allowance/Civilian War Allowance	Quarterly by Consumer Price Index	Not Applicable
Unemployment Insurance	No indexing	Annually by average of salaries/wages
<i>Provincial</i>		
Quebec Pension Plan	Annually by Consumer Price Index	Annually by 12.5% until reaches Industrial Composite of wages/salaries
Workers' Compensation Board	5 provinces made formal provision	5 provinces made formal provision
Quebec Family Allowance	Annually by Consumer Price Index	Not Applicable
Prince Edward Island: Family Allowance Supplement	No indexing	Not Applicable
Saskatchewan Family Income Plan	No indexing	Not Applicable
Social Assistance	2 provinces made formal provision	Not Applicable

rehabilitation and counselling of recipients or by building financial incentives into the appropriate programs. Some programs for which financial incentives are not an appropriate concept are the Canada/Quebec Pension Plans, Old Age Security, Family Allowance, and the Provincial Family Allowance supplements because benefits through these programs are generally available to, or on behalf of those who are not expected to work. The real effect of income security programs on work incentive is not immediately evident; universal programs may provide as many incentives as programs that are selective. In the same way, the effect of work incentives in such programs as Social Assistance and Workmen's Compensation may also be questioned.

Among the social insurance programs, Unemployment Insurance provides work incentives by discouraging resignation from a job and by ensuring the recipients are actively seeking and available for work. Where a recipient is not apparently seeking work, benefits may be terminated. Workers' Compensation benefits may be long term (i.e. for the temporarily disabled). The temporarily disabled are encouraged to return to work because only 75% of previous earnings (up to a ceiling) are replaced.

Among the income related programs, the general approach taken to work incentives is to disregard a portion of the recipient's private income, while the remaining portion reduces benefits. Thus, the Guaranteed Income Supplement reduces benefits by one dollar for every two dollars of private income otherwise available.* The Saskatchewan Family Income Plan also reduces benefits by only one dollar for every two dollars of other income.

Among the provincial/municipal social assistance programs, one or both or two broad approaches are adopted: first, a certain amount of earnings may be exempted from inclusion in the calculation of benefits; second, a percentage of income may be excluded from the benefit calculation.

In most income-related programs, then, a recipient is somewhat better off financially by seeking sources of income other than income security transfers.

Expenditure and financing of income security programs

Transfer payments made to individuals and families amounted to about \$16.7 billion in 1977-8. Table A1 of Appendix C illustrates how these expenditures were divided among provinces and programs. The total expenditure by all programs among the provinces is summarized on Table 7, which also permits comparison among provinces in terms of per capita benefits and expenditures as a percent of personal income.

The variation in per capita benefits among provinces is highlighted in Figure 4. It is apparent that the poorer provinces tend—and perhaps are required—to have greater income transfers per capita. This relationship to provincial wealth may also appear when benefits are expressed as a percent of total personal income: it was found that a 1,000 dollar increase in per capita personal income (i.e. provincial wealth) seemed to mean a 3% drop in benefits as a proportion of personal income.

* The Spouses' Allowance contains somewhat more complex provisions for reducing benefits in the presence of other income.

TABLE 7 Benefit expenditure and personal income by province
(Income security programs, 1977-8)

Jurisdiction	Total Benefit Expenditures (\$ millions)	Personal Income (\$ millions)	Benefit Expenditures % of Personal Income	Benefit Expenditures Per Capita (\$)
B.C.	\$ 1,900	\$ 20,332	9.4%	\$ 771
ALTA.	1,032	14,654	6.9%	534
SASK.	610	6,650	9.4%	651
MAN.	671	7,076	9.5%	652
ONT.	5,626	67,853	8.3%	674
QUE.	4,878	43,017	11.3%	776
N.B.	657	3,829	17.1%	956
N.S.	651	4,900	13.2%	779
P.E.I.	113.2	604	18.7%	942
NFLD.	497	2,839	17.5%	883
N.W.T.	19.3	—	—	—
YUKON	10.8	—	—	—
TOTAL	16,718.6*	\$172,370		
AVERAGE			9.6%	\$ 710

*Includes 53.3 million not attributed by Province.

To finance income security benefits and administration, governments may make expenditures from consolidated government revenue funds or may require contributions from potential beneficiaries. In 1977-8, these revenues totalled about \$20 billion.

Government directly expended about \$12.5 billion of which about \$10.5 billion (including cost-sharing) were federal funds and about \$2 billion were provincial funds.

The balance of the revenue, about \$7.5 billion was contributed by employees and employers through premiums levied by the Canada/Quebec Pension Plans, Unemployment Insurance, and Workers' Compensation programs or derived from interest on investments.

A program by program display of the source of financing appears in Table A2 of Appendix C.

Administration of income security programs

The administration of income security is distributed among a number of federal and provincial departments and boards. The federal programs, with the exception of the Canada Pension Plan, are delivered through local and regional offices where entitlement decisions are made. Canada Pension Plan entitlement was established centrally in 1977-8, though decentralization is now being introduced.

The provincial programs, with the exception of social assistance, tend to be delivered centrally. This is true for Workers' Compensation, Saskatchewan Family Income Plan, Quebec Family Allowance, and provincial supplements for the elderly. Social assistance is an exception to this pattern as the provinces have usually decentralized entitlement decisions to regional offices. Also municipalities in Manitoba, Ontario and Nova Scotia may deliver social assistance.

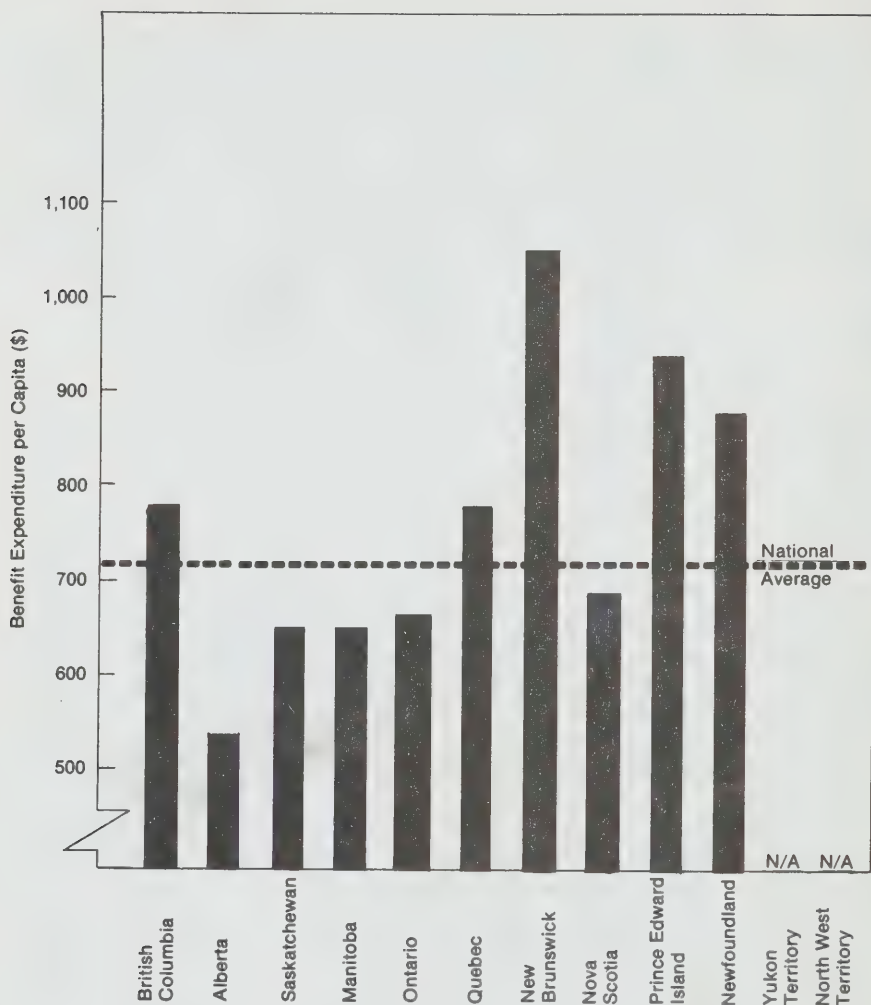


FIGURE 4 Benefit expenditure per capita by province* (Income security programs, 1977-8)

Delivering all the inventoried income security programs required about 30,000 man-years in 1977-8; these man-years were divided about equally between the federal and provincial/local programs. Figure 5 provides a graph of the distribution of staff among the individual programs.

In 1977-8, the administrative cost amounted to about \$550 million, or 3.3% of benefits paid. The Task Force found that within demogrants, administrative expenditure constituted .5% of benefits; this figure rose to 3.5% for

*Figure 4 is related only to the programs inventoried in this report.

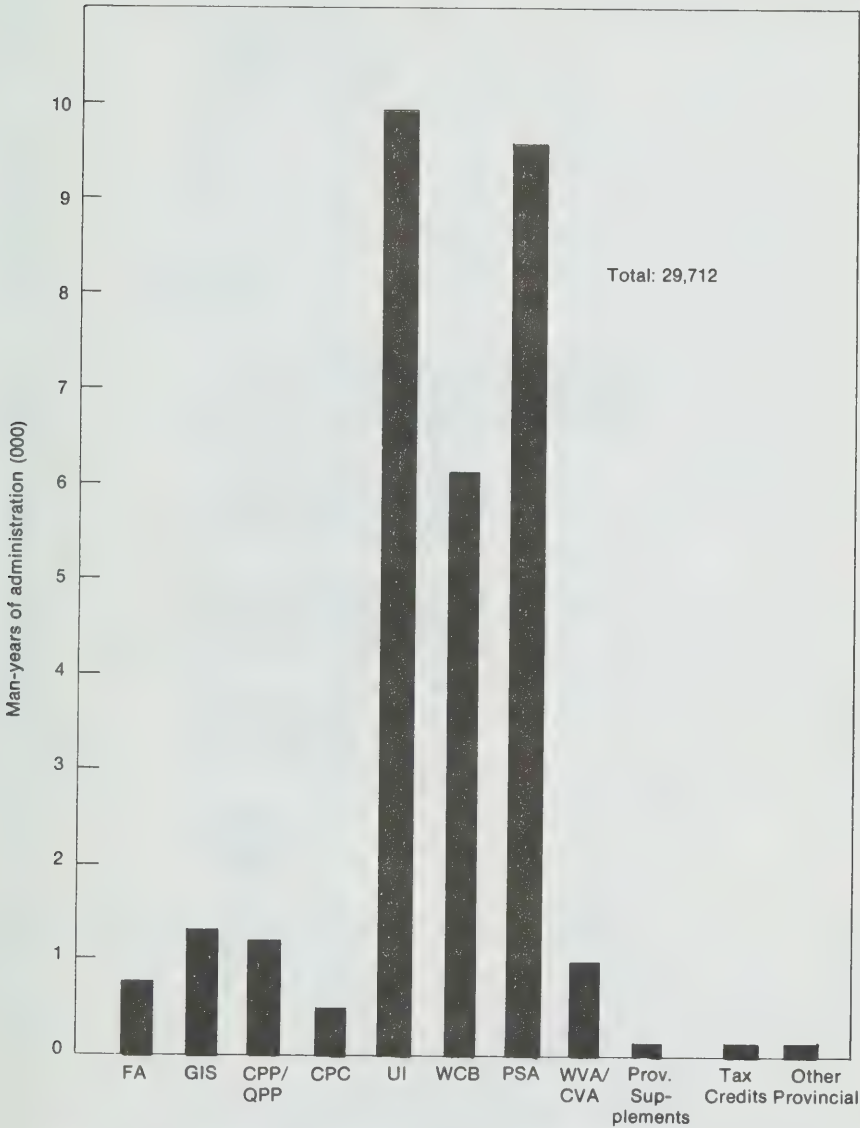


FIGURE 5 Man-years of administration (Income security programs, 1977-78)

social insurance programs and finally to 7.5% for social assistance programs.* The trend toward higher administrative 'overhead' was accounted for by the degree of management and operational complexity present in the various classes of programs.

A summary of some administrative data on the programs forms Table A3 of Appendix C.

* Figure 6 contains the administrative expenditure as a proportion of benefits on a program by program basis.

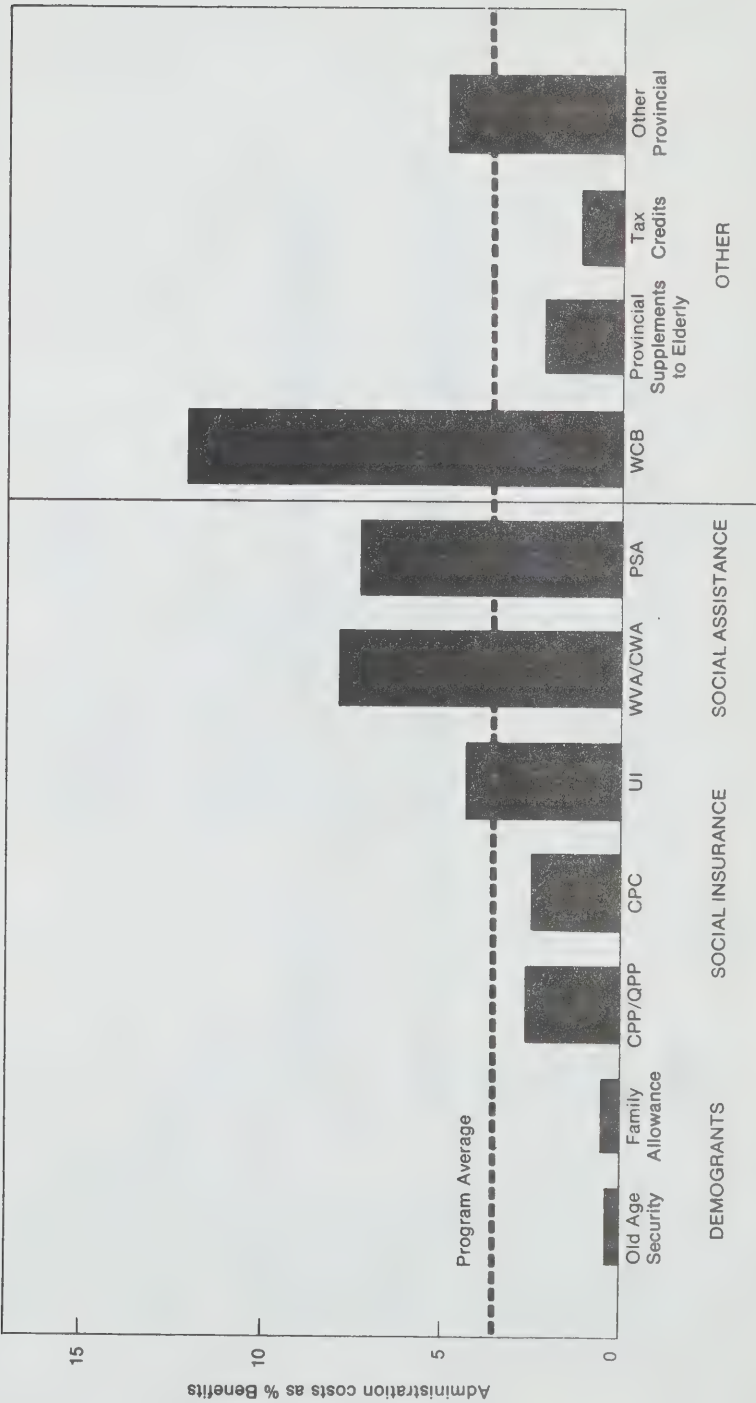


FIGURE 6 Administration costs as % of benefits paid by program (Income security programs, 1977-8)

Recipients of income security benefits

The Task Force found that, aside from recipients of Family Allowance and provincial tax credits, approximately 3.9 million individuals and families received one or more income security benefits each month. It is believed that about 5 million persons either received benefits in their own right or had access to the benefits through one of the 3.9 million primary recipients. The beneficiary population exhibited considerable turnover during the year. Thus about 7 million persons had direct or indirect access to benefits at some point during the year (30% of the Canadian population). Of this total, 3-3.5 million persons were completely dependent on this source of income (16% of the Canadian population). In addition, about 3.5 million families received Family Allowance benefits on behalf of 7.2 million children and 3.7 million individuals received a provincial tax credit.

The receipt of income security is extensive—suggested above to approach 7 million Canadians in a year. Who are these people? As Figure 7 shows, 55% are aged, and a further 25% are disabled or single parents: these groups cannot always be expected to provide for themselves and so the provision of their incomes from public funds is often necessary. The remaining 20% of the beneficiaries are employable and are largely recipients of Unemployment Insurance benefits. The population dependent on Unemployment Insurance exhibits a monthly turnover rate of over 25%. Thus, the average 'stay' on Unemployment Insurance between jobs is about four months.

While the 'turnover' rate each month among Unemployment Insurance recipients is over 25%, the corresponding rate for Workers' Compensation is 40%. These programs contrast with the others where turnover rates range from .4% to 1.4% each month. Low turnover rates suggest the stable recipient population characteristic of those receiving benefits because of age, disability, or because they are single parents.

The average benefits of the programs are listed in Table 8. Finally, certain other recipient statistics appear in Tables A4 to A6 of Appendix C.

Relationships among income security programs

Many of these relationships have been analyzed elsewhere in this report: a framework is presented for understanding the nature of the relationships and the problems that they introduce into the management and operation of the income security system. Rather than repeating that analysis, this section will be confined to five observations derived from the inventories: the relationships between provincial/municipal social assistance and all other programs are the main, though not the only sources of complexity in the system; federal programs are harmonized among themselves at a policy making level; income security programs have not established common definitions of income available to a recipient or of disability; the beneficiary unit is defined differently among programs—demogrants and social insurance payments are made to individuals, while social assistance payments are made to families; and there is no consistent pattern of information sharing between social assistance programs and other social security programs.

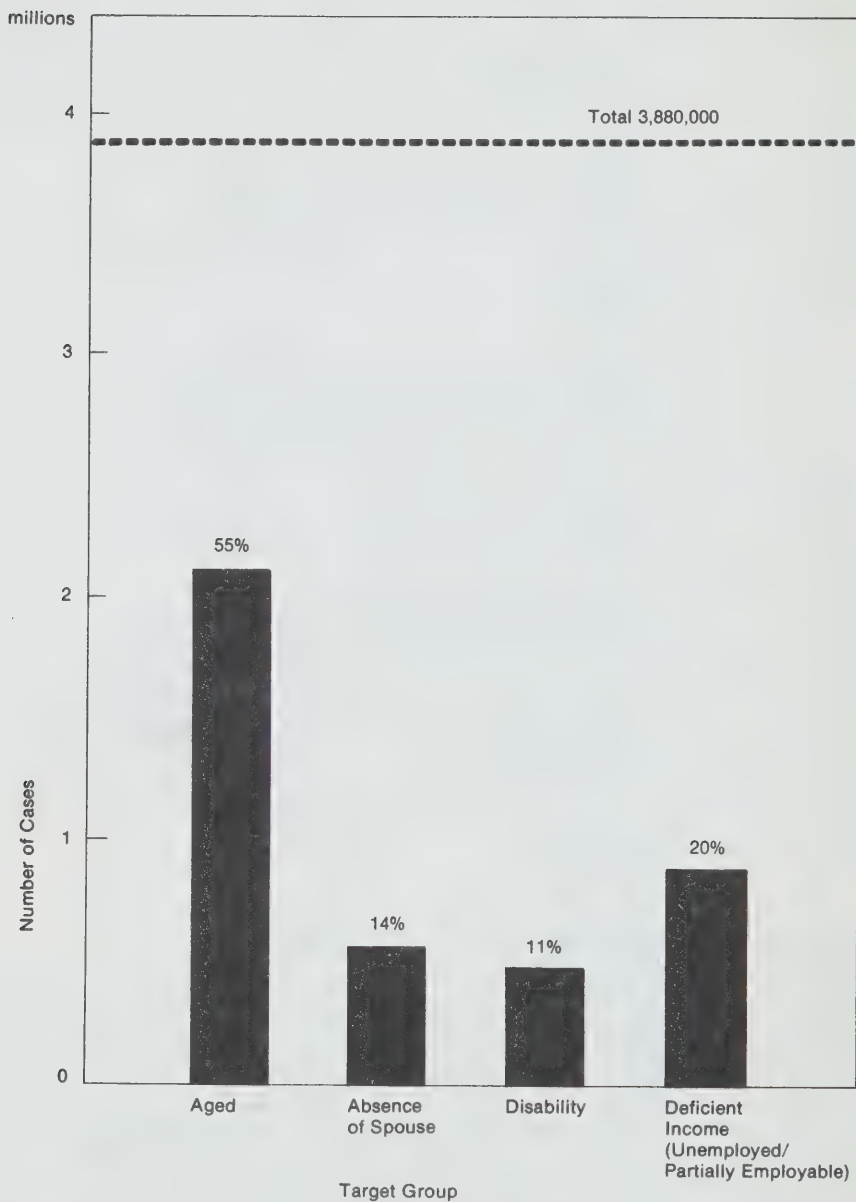


FIGURE 7 Average monthly number of cases by target group
(Income security programs 1977-8)

TABLE 8 Beneficiaries and benefits (Income security programs, 1977-8)

Program	Beneficiaries (000s)	Average Benefit (\$)
Family Allowance (federal)	7185 children	\$ 24.60/mo.
Old Age Security	2051 persons	149.00/mo.
Canada/Quebec Pension Plan	1266 persons	93.00/mo.
Canadian Pension Commission (Veterans)	137 persons	245.00/mo.
Unemployment Insurance	733 persons	104.00/wk
Workers' Compensation	222 persons	176.00/mo.
Prov'l/Mun'l social assistance	636 cases	262.00/mo.
War veterans' allowance	95 cases	190.00/mo.
Guaranteed Income Supplement/ Spouses' Allowance/Prov'l supplement to elderly	1190 cases	GIS - \$ 80/mo. SPA - \$134/mo. PSE - \$ 32/mo.
Tax credits	3666 persons/yr.	137.00/yr.

The relationship between provincial/municipal social assistance and other programs is the main, though not the only source of complexity in the system. In other words, the consequences of entanglement bear most heavily on social assistance while the twelve provinces/territories lack the necessary consensus or even fiscal capacity to insist on disentanglement. This is reflected at both operational and policy making levels. At the operational level, only social assistance programs can report exhaustively on overlaps with other programs. Social assistance programs were also unique in that they maintain the most sophisticated procedures for verifying other income security benefits; for instance, close links were maintained with Unemployment Insurance while less formal channels were open to the Canada/Quebec Pension Plans and Workers' Compensation. At the policy making level, the creation of this Task Force is itself, evidence of the extent of provincial concern. It is also true that within the provinces considerable time and effort have been devoted recently to reacting to federal initiatives; this activity must necessarily diminish the time available to decision making on social assistance itself.

Federal programs are harmonized at a policy making level. Thus Unemployment Insurance benefits terminate at age 65 because retirement benefits under the Canada Pension Plan are available. Also, the Canada Pension Plan benefit level of 25% of pensionable earnings is predicated on the existence of the Old Age Security benefit. Finally, the Guaranteed Income Supplement is designed for those individuals without substantial Canada Pension Plan benefits and is thus reduced in the presence of Canada Pension Plan income.

The income security programs have not established common definitions of income available to a recipient or of disability, although these characteristics commonly form an important part of eligibility determination. Thus, disability is assessed separately for the Canada Pension Plan, Workers' Compensation, and Social Assistance; and these programs interpret the assessment of disability differently so that an applicant could be considered totally permanently impaired by a Workers' Compensation program but not so by the Canada Pension Plan. Regarding available income, programs differ both in the inclusion of incomes to be counted as available, but also in the period over which

TABLE 9 Treatment of income in establishing eligibility (Income security programs, 1977-8)

Program	Available Income	Asset Limitations	Period Over Which Income Computed
Guaranteed Income Supplement	As reported through income tax system, ¹ less Old Age Security benefits, provincial supplements to elderly and Canada Pension Plan death benefits.	No specific provision.	Annually
Spouses' Allowance	As reported through income tax system, ¹ less Old Age Security benefits, provincial supplements to elderly and Canada Pension Plan death benefits.	No specific provision.	Annually
Provincial Supplements to the Elderly	As Guaranteed Income Supplement / Spouses' Allowance but British Columbia includes Veterans Benefits and Workers' Compensation over \$50.	No specific provision.	Annually
Social Assistance	Varies by province: generally all income except: 1. family allowance 2. earnings of dependent children 3. casual gifts 4. provincial tax credits	Varies by province: singles: \$400-\$1500 / liquid assets couples: \$800-\$2500 / assets	Monthly
Saskatchewan Family Income Plan	As reported through income tax system ¹ but capital gains counted in full, and Workers' Compensation, Guaranteed Income Supplement, Veterans Benefits and other non-taxable income security benefits included.	\$100,000 real assets (excluding home, care)	Annually
Refundable Child Tax Credit	As reported through income tax system. ¹ Family income is considered.	No provision	Annually

¹ Income Tax excludes non-taxable benefits: Workers' Compensation, Guaranteed Income Supplement, Veterans Benefits.

income is to be counted. These differences are highlighted in Table 9. Such differences among programs may lead to duplicated effort, may contribute to uncertainty in the mind of applicants as to the exact operational nature of eligibility criteria, and may result in gaps being present in the system.

The beneficiary unit is defined differently among programs—demogrants and social insurance payments are made to individuals while social assistance payments are made to families. The principal implication of this distinction is that when a higher level program (i.e. demogrant or social insurance program) withdraws benefits from a particular group of individuals, it cannot be known with certainty how many of these individuals—as members of families—will be expected to seek social assistance. Recent retrenchments to Unemployment Insurance confronted policy makers with just this predicament; it was not known how many of these individuals could otherwise provide for themselves or how many—given their family circumstances—would require social assistance. It should be pointed out that it is sometimes desirable to have different definitions for “beneficiary unit” since programs often have very different objectives.

There is no consistent pattern of information sharing between social assistance programs and other income security programs. To give but one example of this phenomenon, while nine provinces maintain linkages with Unemployment Insurance, the actual practice varies from the provision of computer tapes by Unemployment Insurance to a simple exchange of form letters.

Observations on the income security system

The income security system affects the daily lives of millions of Canadians. Over 50% of the expenditures in this system are devoted to the elderly, and demands in the system can be expected to grow as the proportion of aged increases. Over 3 million people depend on the income security system to be able to afford basic necessities. Many of the recipients cannot be expected to work; those who can be expected to work on average draw benefits for four months. Thus, governments and the public are confronted by a huge establishment which is difficult to control and to comprehend.

Senior citizens' programs

Overview

Senior citizens are guaranteed a measure of financial security by an array of federal and provincial programs: Old Age Security, the Guaranteed Income Supplement, Spouses' Allowance and provincial income supplements in six provinces and one territory.*

* British Columbia: GAIN for Seniors; Supplementary Benefits for OAS/GIS/SPA recipients
Alberta: Alberta Assured Income Plan
Saskatchewan: Saskatchewan Income Plan
Manitoba: Manitoba Supplement for the Elderly
Ontario: Guaranteed Annual Income System for the Aged—GAINS (A)
Nova Scotia: Special Social Assistance
Northwest Territories: Supplementary Benefits to the Elderly

Old Age Security accounts for a large fraction of the basic income which government provides to essentially all aged Canadians. The remainder is provided by the other two federal programs (Guaranteed Income Supplement and Spouses' Allowance) and the provincial programs which offer income supplementation selectively to those aged persons who lack income from other sources. The Guaranteed Income Supplement is payable to Old Age Security pensioners and the Spouses' Allowance is payable to Old Age Security pensioners' spouses aged 60-64 where the income of the couple is low. Thus the Guaranteed Income Supplement, when combined with the Old Age Security pension offers a basic level of income for the aged. When the pensioner's other income increases, the Guaranteed Income Supplement is reduced. Six provinces (British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia) and the Northwest Territories operated supplementation programs in 1977-8.* Receipt of these supplements was dependent in every jurisdiction on the receipt of one of the federal supplements. Thus, in Alberta, Saskatchewan, Ontario and Nova Scotia, the provincial supplements were paid only to those persons already receiving Guaranteed Income Supplement; while in British Columbia, Manitoba and the Northwest Territories, the supplement was paid only to current Guaranteed Income Supplement or Spouses' Allowance beneficiaries. Not *all* Guaranteed Income Supplement or Spouses' Allowance recipients would, however, receive a further supplement as some provinces only supplemented those with lowest incomes.

In 1977-8, slightly over \$5 billion was distributed to the elderly through these programs. Of this amount, \$4.8 billion was spent by the federal government; and the balance of \$200 million was spent by the seven provincial (and territorial) governments. While some portion of these provincial expenditures were potentially shareable with the federal government through the Canada Assistance Plan, almost no cost-sharing was obtained.**

Of the total expenditure, Old Age Security accounted for 3.7 billion (74%), making it the single most expensive program operated by government in Canada. Supplementation programs cost \$1.3 billion: \$1 billion for Guaranteed Income Supplement, \$115 million for Spouses' Allowance and \$200 million for the provincial supplements. Finally, the cost of administering these programs was small, about \$23 million or 0.5% of benefits. The federal administrative costs were about \$20 million and the provincial administrative costs about \$3 million.

As indicated in Figure 2 of the preceding section, expenditure on these programs constituted around 31% of the inventoried income security expenditure in 1977-8. This was nearly 3% of the personal income in Canada that year, and 50% of the personal income of the aged.***

During each month of 1977-8, virtually all elderly Canadians—about 2.1 million people—received benefits from one or more of the programs: 2 million in their own right and 76 thousand as spouses. Among the 2.1 million aged, some form of supplementation was received by 1.2 million.

* The Canada and Quebec Pension Plan which for convenience are considered separately also form part of the array of programs for the elderly.

** The federal legislation requires a test of individual need before cost-sharing is possible. As most provinces do not carry out such a test, cost-sharing amounted to \$660,000 in 1977-8, or 3% of total expenditures.

*** Perspective Canada 1977, page 52.

The average Old Age Security pension was \$149 per month; the average Guaranteed Income Supplement payment to those eligible was \$80 per month; the average Spouses' Allowance was \$134. In those provinces and the territory with additional supplements, an average of \$31 per month was paid in 1977-8.

A summary of statistical features of all the federal programs forms Table 10A. A summary of statistics on provincial supplements appears in Table 10B. Other features appear in Tables A7 and A8 of Appendix C.

Design features of senior citizens' benefits

Eligibility criteria and rate structures

As the provincial (and territorial) supplements are piggybacked on the federal programs, the federal programs are described first.

Payment of an Old Age Security pension is made to all persons aged 65 and over subject only to certain length of residency requirements. Although the residency requirements were simplified in July 1977, the previous rules will continue to operate in parallel throughout a 40 year phase-in period. Under the old rules, to receive full pension an applicant required ten consecutive years residence immediately prior to applying or 40 years total residence in the country since the age of 18. Under the new approach, a pension is "earned" at the rate of 1/40 of the full pension for each year of residence up to 40 years. Also, the revision stipulates that an applicant must have at least 10 years residence and so the minimum pension is 10/40 of the prevailing full pension. The new provisions automatically apply to anyone under age 25 on July 1, 1977 and to people with no residence in Canada before that date; those over 25 with prior residence may opt for the most favourable alternative. In October, 1977 the full monthly pension was \$150.43.

The Guaranteed Income Supplement guarantees a minimum monthly income to all pensioners, i.e. in combination with Old Age Security it provides a basic income floor for all aged Canadians. It operates with an 'income test': as income otherwise available to a person increases, Guaranteed Income Supplement benefits decline. The 'income otherwise available' is essentially the income reported for the previous year under the provisions of the Income Tax Act. There is, however, one important distinction. Income derived from Old Age Security/Spouses' Allowance, the provincial supplements and Canada Pension Plan death benefits are excluded. In October 1977 the maximum Guaranteed Income Supplement benefit was \$105.51 for single persons and \$93.69 for each member of a couple. These benefits combine with the basic Old Age Security pension to ensure guaranteed monthly incomes of \$255.94 for a single person and \$488.24 for a couple.

The Spouses' Allowance guarantees a minimum monthly income to couples who would otherwise be obliged to live on the Old Age Security and Guaranteed Income Supplement entitlement of one spouse. The guaranteed income level equals that of a couple both receiving Old Age Security/Guaranteed Income Supplement; i.e. the couple's income was guaranteed to be \$488.24, of which the Spouses' Allowance provided half—\$244.12—to the spouse. Additional income is defined as it is for Guaranteed Income Supplement; its presence causes a reduction in the Spouses' Allowance.

TABLE 10A Central statistical features of federal programs (Senior citizens benefits 1977-8)

Jurisdiction	Benefit expenditure (\$000)	Total Expenditure as % of Personal Income	Average Number of Recipients ^a (000)	Expenditure on administration (\$000)	Administration costs as % of benefits
B.C.	565,885	3.0	252	1,689	0.3%
ALTA.	333,530	2.5	145	1,145	0.3%
SASK.	249,339	3.8	109	759	0.3%
MAN.	261,050	3.7	113	807	0.3%
ONT.	1,682,508	2.6	770	5,467	0.3%
QUE.	1,246,535	2.9	523	4,276	0.3%
N.B.	159,651	4.2	87	712	0.3%
N.S.	209,156	4.5	66	645	0.4%
P.E.I.	35,670	6.0	15	209	0.6%
NFLD.	107,894	3.8	41	480	0.4%
N.W.T.	3,178	—	1	—	—
YUKON	1,506	—	0.6	—	—
OTHER	—	—	—	3,692 ^b	—
TOTAL	4,855,902		2,123	19,881	
AVERAGE		2.9			0.4%

^aOAS and SPA recipients^bHeadquarters

Among the provinces, the five westernmost (British Columbia through Ontario), Nova Scotia and the Northwest Territories operated elderly supplements in 1977-8. In four of these provinces, eligibility was dependent upon the receipt of Guaranteed Income Supplement: Alberta, Saskatchewan, Ontario and Nova Scotia. In the remaining two provinces—British Columbia and Manitoba—and in the Northwest Territories, supplements were made to both Guaranteed Income Supplement and Spouses' Allowance recipients. Not all Guaranteed Income Supplement or Spouses' Allowance recipients were, however, guaranteed a provincial supplement. In British Columbia the supplement was not available to institutionalized persons. In Saskatchewan and Manitoba the supplement was paid only to those receiving close to the Guaranteed Income Supplement maximum, an effect arising from these two provinces' treatment of additional income. The linkage of provincial supplements and Guaranteed Income Supplement or Spouses' Allowance is achieved by the federal government regularly providing the relevant data from computer tapes.

Once eligibility for an income supplement is established, the provinces and territory adopted one of three approaches to determining benefit levels: a fixed sum; a payment varying in step with Guaranteed Income Supplement benefits; and a provincially guaranteed income (above that of the federal guarantee). The Northwest Territories use the simplest of these by making a fixed monthly payment. Four provinces vary payments in step with the Guaranteed Income Supplement (or Spouses' Allowance) benefits: Alberta, Saskatchewan, Manitoba and Nova Scotia. Among these four provinces, the relationship between Guaranteed Income Supplement benefits and the supplement varies; but generally individuals with higher Guaranteed Income Supplement benefits also received higher provincial supplements. British Columbia and Ontario adopter the third approach by establishing a guaranteed monthly income level.

The provinces and territories also adopted several approaches to delivering benefits: the approaches differed in terms of the frequency of payments, the payment to couples, and the existence of a minimum payment.

TABLE 10B Summary of total provincial supplements for senior citizens (1977-78)

Benefit Expenditure \$ (000)	Number of Recipients (000)	Average Monthly Benefit \$	Administration Expenditure \$ (000)	Administration Cost as % of Benefits
193,314	526*	30.63	3,463.6	1.8%

*No institutionalized persons receive benefits in British Columbia.

Indexing provisions

Benefits paid through the three federal programs are indexed quarterly by the Consumer Price Index. Among the provinces and territories only Nova Scotia indexes payments.

The two provinces—British Columbia and Ontario—whose programs guarantee a minimum monthly income face a special dilemma in the presence of federal indexing: should their guarantee levels remain fixed, thereby negating a federal increase? In practice, each allows its guarantee level to float upward so that the provincial contribution remains the same or increases.

Financial incentives

Elsewhere in this report, the financial work incentives of other social security programs are described. For the aged we focus on another concept—the incentive to save for old age retirement. General incentive provisions of the various schemes are presented below.

The Old Age Security provisions contain no incentives or disincentives as payments are fixed.

Guaranteed Income Supplement benefits are reduced by \$1 for every \$2 of additional family income. Thus, the plan disregards 50% of a recipient's income, including income from savings.

With the Spouses' Allowance, a two stage reduction process takes place. First, that portion of the allowance which equals the Old Age Security pension is reduced by \$3 for every \$4 of the couple's income until the Spouses' Allowance payment equals just the Guaranteed Income Supplement level. Thereafter, the remaining portion of the Spouses' Allowance and the Old Age Security pensioner's Guaranteed Income Supplement are *each* reduced by \$1 for every \$4 of the couple's income until both Spouses' Allowance and Guaranteed Income Supplement payments are no longer made.

The six provinces* also reduce supplements in the presence of other income.** The prevailing reduction rate is (in some cases approximately) fifty cents of each dollar until the provincial supplement vanishes. In Saskatchewan, Manitoba, Ontario and British Columbia the provincial supplement ends before Guaranteed Income Supplement eligibility terminates. This situation arises because the maximum provincial supplements are less than the maximum Guaranteed Income Supplement benefits; with each being reduced by fifty cents on the dollar, the initially lower provincial supplement runs out first. Since the provincial 50% reduction rate is applied in addition to that of Guaranteed Income Supplement, the total reduction rate is 100%. In effect, for those individuals who receive Guaranteed Income Supplement and a provincial supplement, there exists no financial incentive for retirement saving. One province—Alberta—is an exception to the pattern: the reduction rate on its supplement is 25%.

While the programs do reduce benefits in the presence of income, they do not disallow recipients from owning liquid assets. However, where these assets generate income, this will be counted so an implicit ceiling on income-bearing assets is in place.

Collection of overpayments

Overpayments apparently arise infrequently. There are several obvious reasons for this situation: among Old Age Security pensioners, the eligibility determination is straightforward (for a given age and residency, the amount of entitlement is fixed); Guaranteed Income Supplement and Spouses' Allowance payments are based on the easily confirmed previous years' income (reported through the income tax system); and provincial supplements are simply cal-

* Not the Northwest Territories where payment is fixed for Guaranteed Income Supplement recipients.

** Other income as defined by the GIS provisions; B.C. also considered Veterans Benefits and Workers' Compensation over \$50.

culated on the basis of Guaranteed Income Supplement and Spouses' Allowance eligibility. Where an overpayment under the three federal programs does arise, monies may be recouped from future payments.

Administration of senior citizens' benefits

The Old Age Security, Guaranteed Income Supplement, and Spouses' Allowance are administered by Health and Welfare Canada, though the administrative apparatus is decentralized to provincial or local offices. Entitlement decisions are made regionally. Five of the six provinces and the Northwest Territories administer their provincial program through their Departments of Social Services (or equivalents), while Ontario does so through a unit in the Ministry of Revenue.* Administrative costs reported by Canada totalled \$20 million and provincial administrations absorbed the remaining \$3.4 million.

The \$23 million of administrative costs purchased 1330 man-years of manpower services: 1200 federal employees and 130 provincial employees.

One meaningful measure of the extent of administration is the man-years per thousand cases. It permits inter-program and inter-jurisdictional comparisons to be drawn with some confidence that the comparisons are independent of the relative generosity of the program and of the unit manpower costs. The federal programs averaged 0.6 man-years per thousand cases, and exhibited little variation among the provincial offices. The provincial/territorial programs averaged 0.25 man-years per thousand cases—roughly 40% of the federal level. These observations suggest that the administrative costs for provincial supplement programs are marginal, which no doubt arises because the provincial supplements rely on Guaranteed Income Supplement and Spouses' Allowance data to determine eligibility and the amount of entitlement, and need not conduct a separate determination process.

One province, British Columbia, does conduct a partial eligibility determination involving the assessment of Veterans Benefits and Workers' Compensation available to the applicant. The evidence suggests that by doing so, that province is not increasing its administrative overhead by more than a modest amount.

Recipients of senior citizens' benefits

This section contains some aggregate figures on the numbers of recipients within each province, relates the proportion of Guaranteed Income Supplement recipients to the personal income of the province, and reports briefly the available demographic characteristics of recipients. The available statistics are tabulated in Table A7.

During each month of 1977-78, about 2.12 million individuals received one or more of the senior citizens' benefits. Of this total, 2.05 million received benefits in their own right while 76 thousand received benefits as the spouse of a primary recipient. Nearly 1.1 million individuals received Guaranteed Income Supplement: the total supplemented either by Guaranteed Income

* The same unit administers the provincial tax credit program.

Supplement or Spouses' Allowance, thus amounted to 1.2 million persons or 5% of the Canadian population and 57% of the aged population. Included in these federal supplementation figures are those whose incomes were further supplemented by the provinces, about 0.5 million persons.

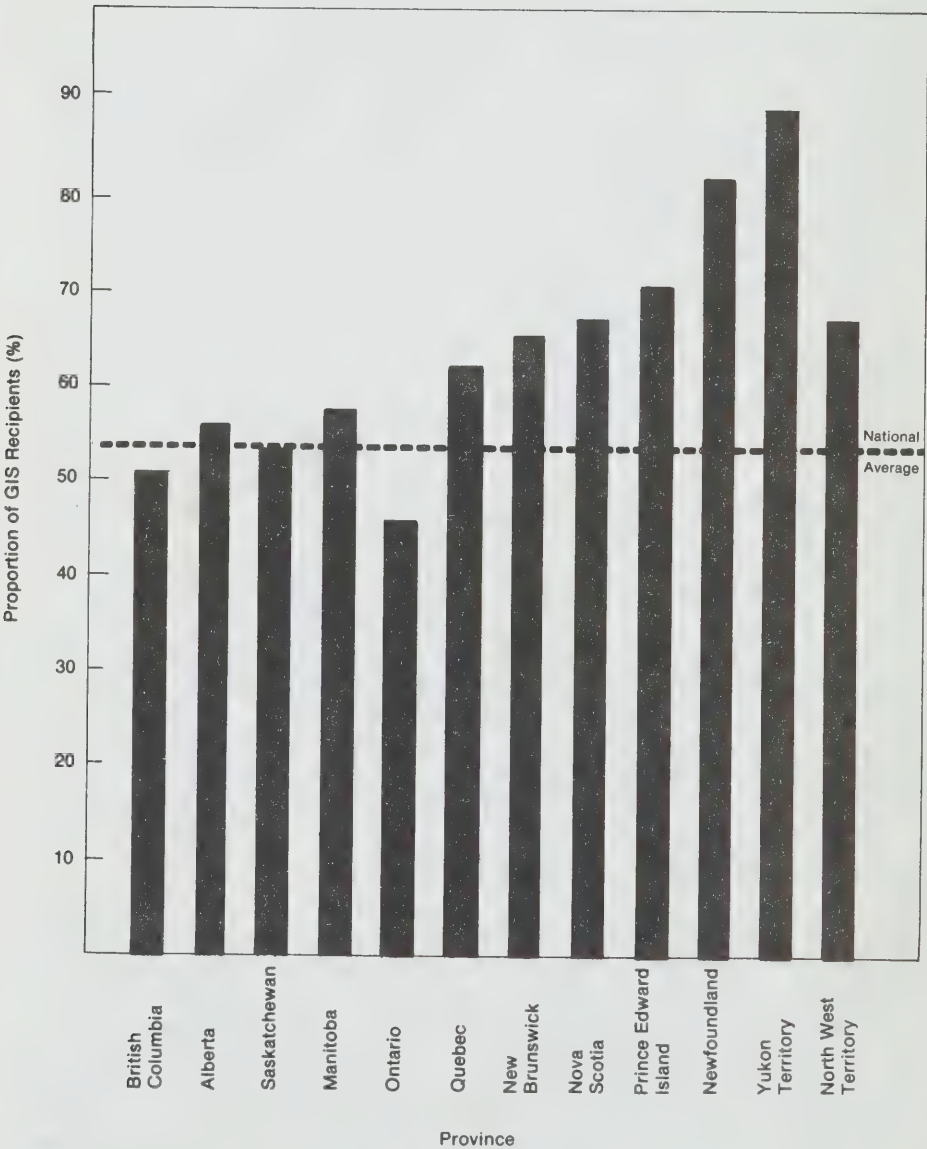


FIGURE 8 Proportion of GIS recipients among OAS pensioners by province (Senior citizens' benefits 1977-8)

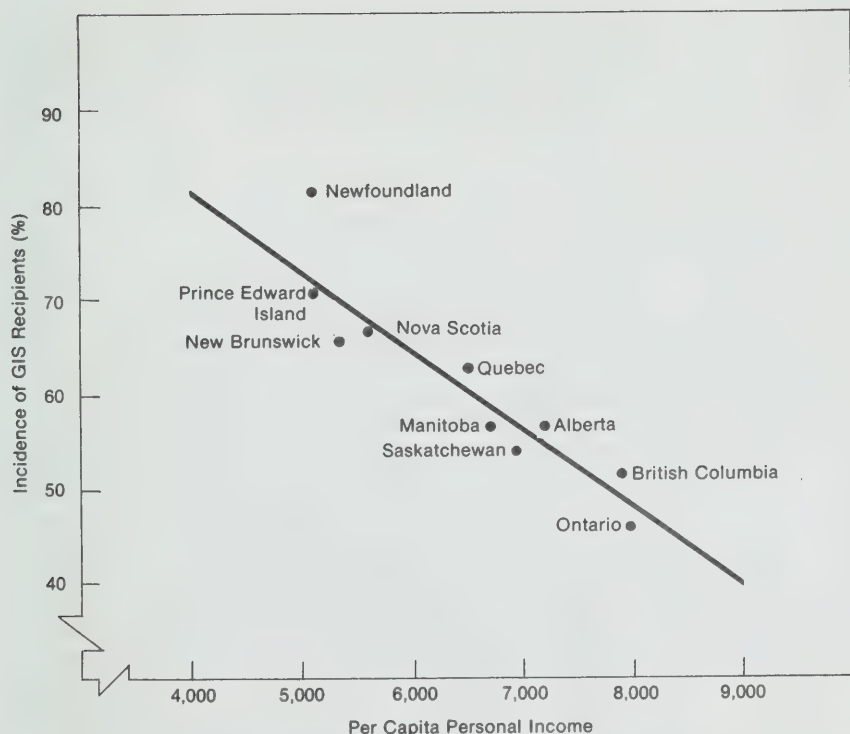


FIGURE 9 Relationship between incidence of GIS recipients and per capita personal income (Senior citizens' benefits 1977-8)

The incidence of Guaranteed Income Supplement recipients among the Old Age Security populations in the provinces varies, as shown by Figure 8. The receipt of Guaranteed Income Supplement is indicative of poverty among the aged. As might be hypothesized, this relative poverty is closely related to the current provincial per capita personal incomes: a *higher* current per capita income yields a *lower* incidence of poverty among the aged; in fact, a \$1,000 increase in per capita personal income appears to reduce the incidence of Guaranteed Income Supplement by 8% or so. This effect is portrayed graphically in Figure 9.

Demographic characteristics of recipients remain largely unavailable for the federal programs and thus for the provincial programs which are dependent for data on federal information.

Relationships among senior citizens' programs and with other income security programs

The major relationships reported through the inventories were internal to the system of senior citizens' benefits. The most significant dynamics in fact arose at the interface of the federal and provincial supplements; these were largely

administrative concerns and have been discussed under eligibility criteria and indexing provisions. Nationally, about 50% of Guaranteed Income Supplement recipients are supplemented by a province.

Beyond the structure of senior citizens' benefits, overlaps with other social security programs were virtually unreported.*

Children's benefits

Overview

Helping parents with the cost of raising children is a principal objective of five federal and provincial income security programs: the federal Family Allowance, Family Allowance in Quebec and the supplements to the federal Family Allowance in Prince Edward Island, the recently introduced Refundable Child Tax Credit, and the Saskatchewan Family Income Plan.**

Family Allowance is paid monthly to a parent on behalf of dependent children under age 18. The Family allowance legislation allows provinces to vary the benefit either by the order of a child in the family or by the child's age. Variations are now operating in Alberta and Quebec: Alberta chose to modify the allowance on the basis of the age of the children; while Quebec exercised this option by paying increasingly more to the second, to the third, and to the fourth or subsequent child(ren).

Quebec also supplemented the federal Family allowance; this supplement—like the federal Family Allowance itself in Quebec—varies by the order of a child in the family and is paid monthly. Prince Edward Island provides a modest monthly supplement to Family allowance on behalf of the fifth and subsequent child(ren).

The Refundable Child Tax Credit, introduced for taxation year 1978, represents a marked departure from earlier federal children's benefits: payments are graduated on the basis of family incomes; as well, disbursements are made annually to income tax filers who are family allowance recipients.

The Saskatchewan Family Income Plan is unique in Canada. It provides monthly benefits to low income families on behalf of their children. All families in receipt of social assistance in Saskatchewan are required to apply for Family Income Plan and automatically qualify for maximum benefits. Families not receiving social assistance may also be entitled to full or partial benefits related to the annual income available to the family. The fact that Family Income Plan eligibility may continue when a family member becomes employed provides financial encouragement for the transition from social assistance to employment.

Virtually all Canadians are familiar with the Family Allowance: in 1977-78, cheques were mailed to an average of 3.5 million homes monthly, on behalf of 7.2 million children. Participation in the Quebec supplementation program was also extensive: benefits were paid to 952 thousand families on

* British Columbia does retain data on the overlap with Veterans Benefits (about 9% of recipients have this source of income) and Workers' Compensation (1%).

** Although this report does not deal with the system of income tax exemption, it should be noted that the National Council of Welfare estimated in their November 1976 publication *The Hidden Welfare System* that these exemptions amounted to \$800 million in 1974.

behalf of 1.9 million children. The remaining programs—those operated in Prince Edward Island and Saskatchewan—were more selective: in Prince Edward Island, benefits were paid to 12,000 families or 2,000 children; while in Saskatchewan, 11,000 families with 24,000 children qualified for the Family Income Plan.

The children's benefit programs cost around \$2.3 billion in 1977-8, or 1.3% of Canadian personal income. The federal share of this expenditure was \$2.1 billion (92%), while the provinces spent about \$157 million (8%). Among the provincially administered programs, only that of Saskatchewan was eligible for cost-sharing through the Canada Assistance Plan: about \$5 million was paid by Canada to Saskatchewan. Administering all these programs cost \$19.4 million, or .8% of benefits.

As indicated earlier in this chapter (Figure 2) Children's benefits constituted 13% of all income security expenditure in Canada during 1977-78. The magnitude of this expenditure in terms of social security may be misleading: the Economic Council of Canada estimates that only about 22% of benefits were paid to families with incomes in the lowest 40% of all family incomes in Canada.

The extensive coverage provided by Family Allowance introduces special problems for the provincial and municipal social assistance programs meeting basic needs. Since all social assistance families with children receive Family Allowance benefits, this "overlapping" of benefits is the largest single overlap of any program with social assistance. Thus, the social assistance programs

TABLE 11 Central statistical features (Children's benefits 1977-8)

Jurisdiction	Benefit Expenditure		Administrative Expenditure Federal Family Allowance		Number of Children	
	Federal Family Allowance (\$ millions)	Provincial Programs (\$ millions)	Expenditure (\$ millions)	% of Benefits	Federal Family Allowance (000's)	Provincial Programs (000's)
British Columbia	215		1.0	0.4%	731	
Alberta	184		0.7	0.4%	620	
Saskatchewan	89	12	0.5	0.6%	304	24
Manitoba	94		0.5	0.5%	320	
Ontario	739		3.4	0.5%	2,516	
Quebec	567	145	2.6	0.5%	1,900	1,864
New Brunswick	79		0.4	0.5%	234	
Nova Scotia	69		0.4	0.6%	269	
Prince Edward Island	12	.25	0.1	0.8%	41	2
Newfoundland	65		0.3	0.5%	222	
Yukon	5.9				20	
Northwest Territory	2.3				8	
TOTAL	2,122	157.3	12.2*		7,186	1,890
AVERAGE				0.6%		
GRAND TOTAL	2,278.45					

*Includes a headquarters cost of 2.3 million.

must be sensitive to changes in Family Allowance and to related federal initiatives—such as the Refundable Child Tax Credit.

Some central statistical features of these programs appear in Table 11; other statistics appear in Appendix C, Tables A9 and A10.

Design features of children's benefits

A parent (usually the mother), who wholly or substantially maintains a child(ren) under age 18 and who is a Canadian citizen or landed immigrant, is eligible for a Family Allowance. The benefits are uniform for all children except in Quebec and Alberta. The uniform rate was \$23.89 per month in 1977 and \$25.68 per month in 1978. In Quebec, these benefits varied from \$14.34 (1977) for the first child in a family to \$50.75 for the fourth and subsequent children. In Alberta, the benefits ranged from \$18.00 (1977) for a child up to 6 years old to \$33.50 for a child aged 16 or 17.

Since 1974, monthly benefits have been indexed annually by the full Consumer Price Index (except in 1976 when indexing was suspended).

Where overpayments arise, the debt is recouped from current payments if doing so is possible. Where the family no longer receives Family Allowance, the overpayments may be collected directly from the family or, at ministerial discretion, waived.

Provincial child benefit allowances

Both Quebec and Prince Edward Island supplement Family Allowance benefits: Quebec does so extensively for all children principally resident in Quebec, while Prince Edward Island does so selectively for only the fifth and subsequent child(ren) in a family.

Quebec varies its child benefit allowances in much the same way as it does federal Family Allowance benefits in the province: the supplement was \$5.05 (1977) for the first child and ranged up to \$10.11 (1977) for the fourth and subsequent child(ren). Benefits are indexed annually by the Quebec Pension Plan Index. Where overpayments occur, a refund may be requested by letter or, if the amount is large, a notice is sent, and litigation may be commenced; in any event, flexible arrangements for reimbursing monies are allowed.

The Prince Edward Island child benefit allowances were fixed at \$10.00 per month in 1977, and no formal indexing provisions exist. Overpayments, as these occur, are noted by the federal government which subsequently informs the province. Recollection may then commence, though this must be done before the end of the calendar year next following the occurrence.

The Saskatchewan Family Income Plan

Saskatchewan maintains the Family Income Plan as a vehicle for supplementing the income of low income families, often the working poor. The program is thus somewhat different from the other programs considered as children's benefits. To be eligible, a family with children must either be in receipt of social assistance (when maximum benefits are automatically received) or

earning a low income (when benefits are graduated according to that income, i.e., by an income-test).

The Family Income Plan income-test uses a combination of actual and estimated income for the current calendar year. Recipients must submit quarterly reports of their income; these data, along with the previous year's income, are used to estimate current annual income. This estimate is then used to determine the monthly payments. By March 31st of the next year, the actual annual (calendar year) income is reported by the beneficiary and a final reconciliation of benefits with income is made. The income considered by Family Income Plan is based on the definition used for income tax purposes; that is, it includes income from employment, from family allowance, net income from business/farming, from pensions, from Unemployment Insurance, and from investments; and it nets out Canada Pension Plan contributions, Unemployment Insurance premiums, registered pension plan contributions, union dues, employment related expenses and income taxes paid. The main differences from the income tax definition are that capital gains are counted in full and that Workers' Compensation benefits, the Guaranteed Income Supplement, and Veterans' benefits are counted as income. Also, a recipient family may not own real property (excluding home and car) valued in excess of \$100,000.

The maximum benefit was \$40 per month for each of the first three children and \$30 per month for each subsequent child.

The formula by which benefits are determined is as follows: maximum monthly benefits were paid in 1977 to families with annual incomes of less than \$5,500; where income exceeded that level, annual benefits were reduced by 50 cents for every dollar of excess income.

No provision exists to index benefits regularly.

The collection of overpayments can be a complex process where a family had received or is receiving social assistance and Family Income Plan income simultaneously. This complexity is exacerbated by the fact that social assistance eligibility is assessed on the basis of monthly income while Family Income Plan bases payments on annual income. Family Income Plan overpayments may be recouped by the reduction of future Family Income Plan payments or may be collected directly from the family.

The Family Income Plan provided a direct financial work incentive by reducing benefits by only half of the family income in excess of \$5,500. Some indirect work incentives also are present in the program: the income tax base, itself used in the determination of income, itself contains a provision for deducting employment-related expenses as well as union dues and other mandatory pay cheque deductions.

The Refundable Child Tax Credit

This federal initiative, proposed in late 1978, became effective in 1979. Families with low to middle incomes would receive an income tax refund of up to \$200 per child.

The full benefit was available to families whose total taxable income was under \$18,000. That benefit was reduced by \$5 for every \$100 of family income above \$18,000. The maximum benefits are to be escalated annually by the Consumer Price Index.

Administration of children's benefits

The federal Family Allowance is administered from Health & Welfare Canada and the Refundable Child Tax Credit is administered from Revenue Canada. Delivery is decentralized to local and/or regional offices.

The Prince Edward Island child benefit allowance was also administered by Health and Welfare Canada on behalf of the government of Prince Edward Island. The child benefit allowances, identified as supplements, were included with the federal Family Allowance cheques, an example of a joint delivery system. The Quebec child benefit allowance, in contrast, was administered by Quebec through the central offices of the Quebec Pension Plan.

Finally, the Saskatchewan Family Income Plan was administered through the same directorate of Saskatchewan Social Services as the province's social assistance program.

Administering the programs (excluding the new Refundable Child Tax Credit) cost \$19.4 million in 1977-8, of which the federal share was \$12.2 million and the provincial share \$7.2 million.

The federal administration of Family Allowance cost 0.6% of benefits, largely because the universal nature of the program meant that eligibility determination and accounting systems were clear-cut. Administration costs amounted to about 14 cents per child per month.

Among the three provincial programs, that of Prince Edward Island was least expensive to administer, that of Saskatchewan was most expensive. The limited administration associated with the Prince Edward Island child benefit allowance reflects the piggy-backing of its delivery on that of the federal Family Allowance. The Saskatchewan Family Income Plan was the most costly to administer: its eligibility determination process shares many characteristics of the basic social assistance: eligibility testing and administration costs are comparable to those of basic social assistance.

In 1977-8, delivering all these children's benefits required about 896 man-years. Other statistics appear in Table A9 of Appendix C.

Recipients of children's benefits

During any month of 1977-8, about 3.5 million families were in receipt of Family Allowance on behalf of 7.2 million children. Thus, an average of a little over 2 children per family were beneficiaries: this average exhibited some variation among the provinces ranging from 2.0 in Ontario and Quebec to 2.4 in Newfoundland.

The monthly benefit per child was \$24.61 in 1977. This translates to an average family benefit of about \$49.96 per month. Because of the interprovincial variation in the number of eligible children per family, the average benefits accruing to a family ranged from \$48.47 in Ontario to \$61.45 in the Northwest Territories.

While these programs affect a very large number of families, the recipient population exhibits considerable stability over time. With the exception of the Family Income Plan, the reported 'turnover' in cases was about 0.6% per month, i.e. about 50,000 children are enrolled on Family Allowance monthly. For the Family Income Plan, the turnover is higher at 1.7% per month though

this is still only one-third the rate prevailing among basic social assistance programs (to which Family Income Plan is in some ways comparable).

Additional data on recipients and average benefits appear in Table A10 of Appendix C.

Relationships with other income security programs

The demogrant nature of the federal Family Allowance, and those provincial child benefit allowances in Prince Edward Island and Quebec, means that for the administrators of these programs significant interrelationships occur among the programs rather than with other income security programs. Two interrelationships were reported: the major of these was that the federal government makes computer tapes listing its beneficiaries available to the government of Quebec, thereby facilitating the operation of that provincial program; the second interrelationship is peculiar to Prince Edward Island and involves the federal government actually delivering the designated supplement. From the perspective of other income security programs, the interrelationships with Family Allowance may be substantial: for instance, over 40% of provincial social assistance cases also receive Family Allowance on behalf of their children.

The Saskatchewan Family Income Plan is integrated with that province's social assistance plan: thus, social assistance families with children automatically receive Family Income Plan. This occurs for about 25% of the cases in any month. The Family Income Plan administration also maintains links with Revenue Canada and the federal Family Allowance to confirm income and size.

Unemployment insurance

Overview

Unemployment Insurance provides weekly income 'replacement' to contributors who are temporarily unemployed or who are not working because of illness or maternity. A lump sum payment may also be made upon retirement. It is, therefore, a major social security program which is not directed at the poor *per se*. Perhaps because of considerable public scrutiny of the operation of Unemployment Insurance, the program has undergone substantial change over the past few years. It is described here as it was operating in 1977-8.*

Coverage under this program is compulsory for about 96% of the labour force, which in 1977 meant about 9.5 million workers. Of these workers, an average of 733,000, or 7.7%, received benefits at any time.

There is considerable turnover in the group receiving benefits. About 195,000 claims for benefits were registered in each month; this would amount to 2.3 million claims during 1977-8. To know what proportion of the labour force submitted at least one claim during the year, it is necessary to distinguish claimants from reclaimants among the 2.3 million claims. Unfortunately, the

* Administrative data are for the calendar year 1977

available aggregate data do not allow such a distinction to be made. But a rough estimate would yield a total of between 12% and 20% of the work force submitting at least one claim.

In 1977-8, nearly \$4 billion was paid in benefits. Administering the program cost an additional \$174 million (or 4.4% of the benefits paid) and required about 9800 man-years. Thus total expenditure was close to \$4.2 billion. Revenues during that period totalled slightly over \$4.43 billion. Of this amount, \$2.55 billion (59%) were employer/employee contributions; the remaining \$1.88 billion (41%) was contributed by the federal government.* Thus, the program is not self-financing from premiums. In part this is because Unemployment Insurance is not a 'pure' insurance scheme (i.e. premiums are not fully related to the specific risks of unemployment inherent in certain occupations or among certain classes of persons).

As indicated earlier in this chapter (Figure 2), Unemployment Insurance expenditures comprised 24% of the total inventoried income security expenditures in Canada in 1977-8, and equalled around 2.3% of the total personal income in Canada that year. Little data is available on the family characteristics of, and other income available to recipients. Thus the financial importance of the benefits to individuals and families cannot be assessed directly. However, it is estimated that current (1978-9) retrenchments in Unemployment Insurance will eliminate eligibility for 220,000 persons and 30,000 of these (14%) will seek Social Assistance.

Some significant statistics of Unemployment Insurance appear in Table 12.

Design features of unemployment insurance

The program provides replacement income to contributors who are temporarily unemployed or who are not currently working because of illness or maternity. A lump sum equivalent to three week's benefit may also be made upon retirement. In 1977-8, to draw benefits, temporarily unemployed claimants were required to have contributed premiums for at least 10-14 weeks, depending on the regional unemployment rate. To allow illness, maternity or retirement benefits, claimants needed to contribute for at least 20 weeks in the previous year (or if they collected Unemployment Insurance in the last year, 20 weeks since the last claim). Premiums were levied on workers' incomes between \$48 per week and \$220 per week in 1978. Individuals earning under \$48 per week would not contribute for that (those) week(s). Individuals earning over \$220 per week contribute only on the basis of first \$220. The premium rate on insurable earnings was 1.5% of weekly income for employees and 2.1% for employers. The benefit rate was established as 66⅔% of average weekly contributory earnings. Because of the minimum and maximum on contributory earnings, the benefits actually paid ranged from \$30 per week to \$147 per week. These benefits were payable for up to 50 weeks (temporarily unemployed) or up to 15 weeks (illness, maternity).

* This amount includes sole federal financing of Adult Occupational Training Allowance recipients also receiving Unemployment Insurance and certain benefits for fishermen.

TABLE 12 Central statistical features (Unemployment insurance 1977-8)

Jurisdiction	Annual Payment (\$000) 1977-8	Annual Payments as % of Personal Income	Administration Costs 1977	Administration Costs as % of Assistance (\$000)	Man-Years of Administration and delivery 1977
B.C.	\$ 454,478	2.2%	\$ 21,175	4.7%	1,125
ALTA.	117,364	0.8%	6,775	5.8%	394
SASK.	74,338	1.1%	3,281	4.4%	185
MAN.	102,792	1.4%	7,961	7.7%	424
ONT.	1,017,641	1.5%	54,591	5.4%	3,179
QUE.	1,496,953	3.5%	57,846	3.9%	3,266
N.B.	223,378	5.8%	10,669	4.8%	552
N.S.	194,529	3.9%	5,316	2.7%	301
P.E.I.	38,594	6.5%	909	2.4%	51
NFLD.	218,475	7.7%	5,168	2.4%	293
YUKON	6,834	N/A	—	—	—
N.W.T.	3,969	N/A	—	—	—
OTHER	25,091	N/A	—	—	—
TOTAL	\$3,974,436	2.3%	\$173,691	4.4%	9,770

Unemployment Insurance 1977-8 (cont'd)

Jurisdiction	Estimated* Covered Population (000)	Average Monthly Number of Recipients (000)	Estimate of Recipients as % of Covered Population	Average Weekly Payment Per Recipient
B.C.	950	83	8.7%	\$ 105
ALTA.	750	20	2.7%	112
SASK.	350	13	3.7%	110
MAN.	460	19	4.1%	104
ONT.	3,980	187	4.7%	105
QUE.	2,400	277	11.5%	104
N.B.	170	43	25.0%	100
N.S.	280	37	13.2%	101
P.E.I.	35	8	23.0%	93
NFLD.	110	42	38.0%	100
YUKON		1	—	130
N.W.T.		0.7	—	108
OTHER		4	—	N/A
TOTAL	9,485**	734.7***	7.7%	\$ 105

* Estimated from Workers' Compensation: Covered Population.

** Calendar 1977 as provided by C.E.I.C.; rounded from 9,504 thousand.

*** Includes some persons whose residence not attributed to a province.

Regarding indexing, the maximum contributory earnings (which were \$220 in 1977-8) and thus maximum contributions are indexed by the average of salaries and wages in Canada. However, benefits—once established—are not indexed.

The program provides two types of work incentive. The first discourages resignation from employment by disqualifying a claimant for six weeks if he

resigns. The second encourages rejoining the labour force: for up to six weeks a claimant may retain all of part-time earnings up to 25% of his benefits—thereafter benefits are reduced by one dollar for every dollar of income. Finally, a claimant is disqualified indefinitely if he unduly restricts his availability for work.

Recipients are expected to complete a reporting card bi-weekly. On this card, the recipient certifies that he was available for, and capable of, work.

Wherever an overpayment arises, the Commission tries to establish a repayment plan which is tailored to suit the claimant's resources. When necessary, however, one of a series of increasingly severe approaches may be adopted: the money can be recouped from future entitlement; tax credits can be reversed; salaries can be garnisheed; and finally, litigation can be undertaken.

Administration and delivery of unemployment insurance

Unemployment insurance is a wholly federal responsibility under heading 91(2A) of the British North America Act. It is administered by the Canada Employment and Immigration Commission. Administration is delegated to regional administrative centres and delivery is carried out by local offices throughout Canada.

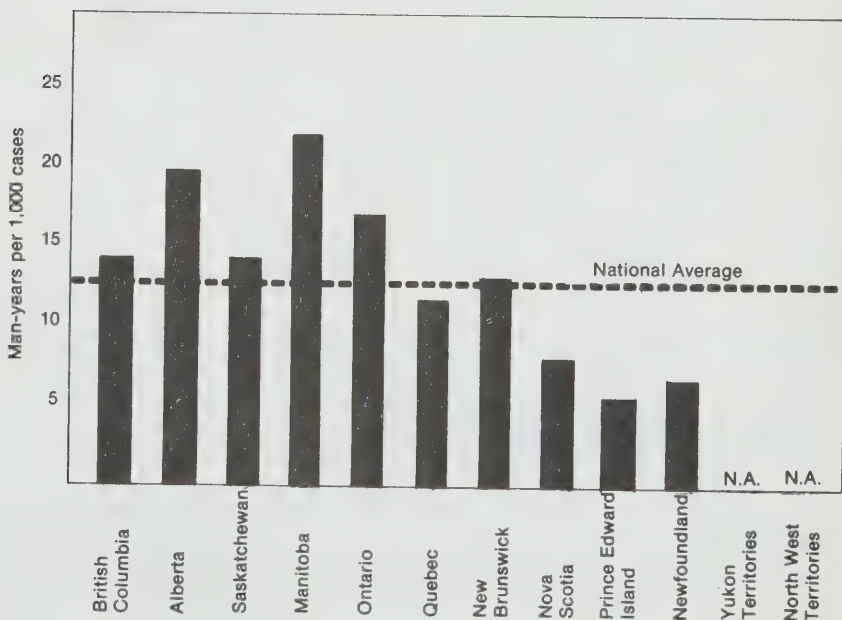
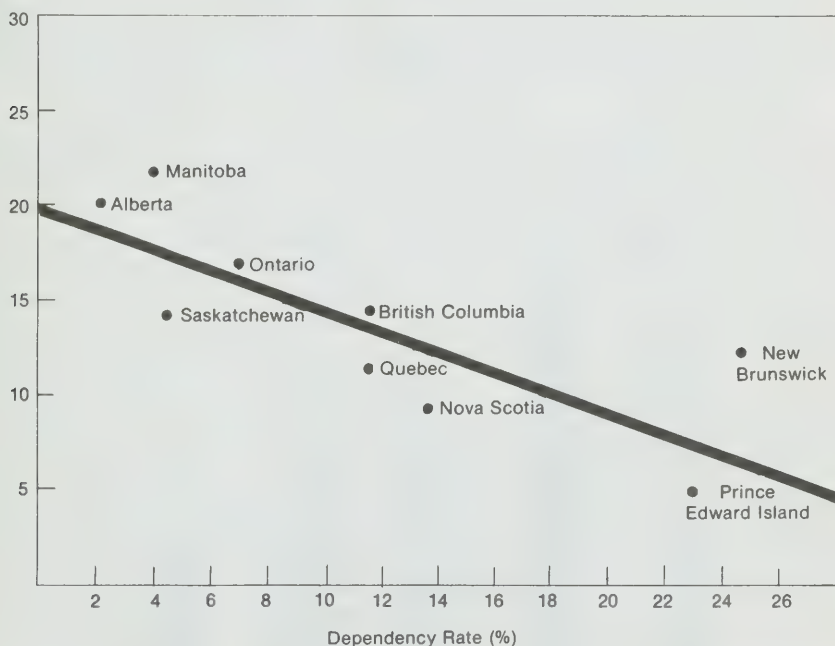


FIGURE 10 Man-years per 1,000 case by province (Unemployment insurance 1977-8)

The total cost of administration was \$174 million in 1977; or 4.4% of benefits. When this cost is disaggregated on a provincial basis, considerable variation in the relationship to total benefits is observable: administration was 2.4% of benefits in Prince Edward Island and 7.7% of benefits in Manitoba.* An equivalent measurement of the extent of administration is provided by the number of man-years per thousand cases; under this measurement, the national average was 13 man-years per thousand cases (in Prince Edward Island it was 6; in Manitoba it was 22). The corresponding figures for all provinces appear in Figure 10.

The data available to provide an explanation of this interprovincial variation are in aggregate form. Thus, although conclusions reached are tentative, over 50% of the variation can be related to the dependency rate (meaning the proportion of the labour force in receipt of Unemployment Insurance benefits at some point in a month); the higher the dependency rate, the *lower* the administrative costs. The extent of this relationship appears graphically in Figure 11, indicating that where there are proportionally many clients to process, there is a streamlining of delivery and administration procedures.



*The Newfoundland dependency rate was estimated as 38% and could not be shown in the same graph

FIGURE 11 Man-years per 1,000 cases compared to estimated dependency rate by province* (Unemployment insurance 1977-8)

* There was some duplication of personnel in the regional offices in British Columbia, Manitoba, Ontario, and New Brunswick during this period as Unemployment Insurance and Manpower and Immigration offices were being integrated. The effect of this administrative change has not been eliminated from our figures.

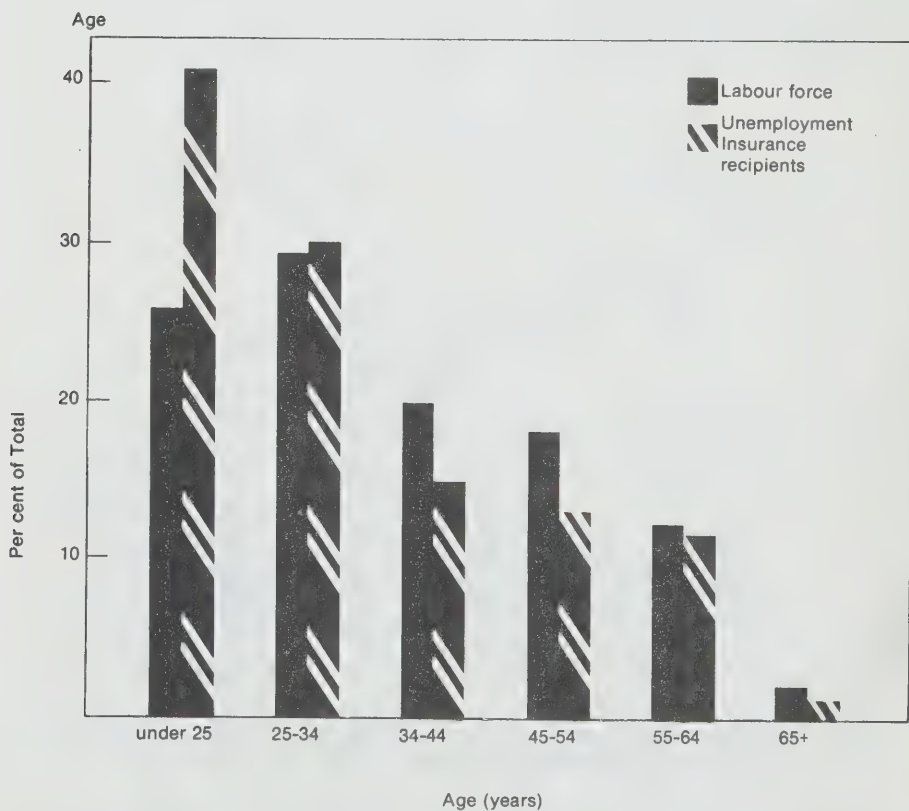
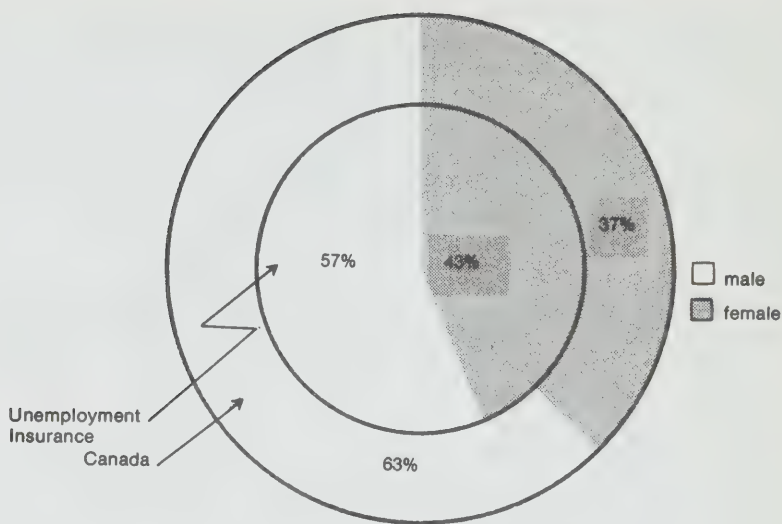


FIGURE 12 Demographic characteristics of beneficiaries and Canadian labour force (Unemployment Insurance 1977-8)

Claimants of unemployment insurance benefits

Programatic and demographic characteristics

During an average month of 1977-8, there were 733,000 recipients of benefits. Of this total, 674,000 (92%) were temporarily unemployed; 57,000 (8%) received sickness or maternity benefits; and 2,400 (.3%) received the lump sum retirement benefits.

Certain demographic characteristics of recipients were ascertained: sex of recipient and age of recipient. These data are compared to those of the Canadian Labour Force in Figure 12.

Evidently, a disproportionate number of women received benefits. Also, a disproportionate number of the young under 25 were recipients. This last fact corresponds to the conventional notion that unemployment is a greater problem for the young.

Benefits per recipient

In 1977-8, total benefits paid were \$4 billion, or \$76 million per week. Distributed among 733 thousand claimants, this yields an average weekly benefit of \$105.

Throughout the year, about 2.3 million claims were initiated. Apportioning the \$4 billion among these claims yields an average claim of \$1,740 or so.

Relationships with other income security programs

The receipt of Unemployment Insurance depends largely on the prior contribution of premiums. It does not depend on family characteristics nor on other income available to the claimant. Thus, the program operates without explicit knowledge of benefits being received by claimants from other social security programs. However, where a claimant has received social assistance while awaiting unemployment benefits, any retroactive Unemployment Insurance benefits may be assigned to the provincial government.

When changes to Unemployment Insurance are introduced, these may take into account the existence and generosity of other programs. For instance despite the expansion of income security programs to the elderly (Canada Pension Plan and Old Age Security), people over age 65 were deferring making an application for Canada Pension Plan benefits until the higher Unemployment Insurance benefits were exhausted. To prevent such an abuse of Unemployment Insurance upon retirement, an automatic cut-off of regular Unemployment Insurance at age 65 was adopted in 1975.

Workers' compensation

(Canadian Pension Commission: Veterans Benefits)

Overview

Workers' Compensation provides income replacement to workers sustaining occupationally-related injury or disease. It is an insurance scheme sometimes characterized as a 'no fault collective liability program.' As the benefits

available to veterans under the auspices of the Canadian Pension Commission also provide income on the basis of injury or death arising from the hazards of a particular activity, the activities of the commission are described at the end of this section.

The program addresses three contingencies: temporary disability, permanent impairment or death, and accidents requiring medical treatment. For the temporarily disabled, a portion of income is replaced during the period of impairment. For those permanently impaired, a pension is available and, in the case of death, a pension is available to a surviving spouse, to dependent children or to orphaned children. Payments for medical treatment are made directly to physicians or medical insurance plans.

The funding of Workers' Compensation is based on insurance principles: premiums are levied on employers at a rate commensurate with the risk of injury or disease prevailing in particular industries. The premiums are considered to be a cost of doing business.

In 1977, about \$890 million was paid to or on behalf of workers or their survivors. Of this total, \$285 million (32%) was expended as pensions and survivors benefits, \$454 million (51%) as temporary compensation, and \$151 million (17%) as medical aid.

Administering the program cost an additional \$110 million in 1977 (or 12% of the benefits paid) and required 6000 man-years. The administrative expenditure brings the total expenditure to \$1 billion. Revenue during the same period totalled \$1.57 billion of which \$1.36 billion (87%) was collected in premiums and \$213 million was generated by interest on investments. (These investments are made from funds maintained by the boards to cover future contingencies). Total revenue exceeded total expenditure by \$568 million in 1977.

Workers' Compensation benefits accounted for about 5% of the total social security expenditure in Canada in 1977-8, and 0.5% of total personal income.

During the year, about 8.4 million workers were covered under the Workers' Compensation program. This is about 86% of the labour force in Canada. While coverage is compulsory in most industries, there are exceptions—farm workers, domestics, those employed in financial institutions and those employed in very small firms.*

Of the 8.4 million workers covered, nearly 1 million registered claims of which most were for temporary compensation or medical aid; the average benefit per claim was roughly \$600. In addition approximately 135,000 pensions were paid each month. The average pension amounted to around \$175.

Some central statistical features of Workers' Compensation programs appear in Table 13; other statistics are presented in Appendix C, Tables A11 and A12.

Design features of Workers' Compensation

Worker's Compensation is a program of 'collective liability without fault'. 'Collective Liability' refers to the fact that an individual firm is not itself liable

* Quebec has special legislation for bank employees; Ontario for agricultural workers.

for damages arising out of an industrial accident; the risk is shared by all firms. 'Without fault' refers to the fact that an injured employee is assured compensation without having to prove employer negligence. This assurance of compensation may, however, be withdrawn if a worker is negligent. The program may be viewed as embodying a contract between employers and employees with government, through the boards, acting as arbiter and as administrator of contingency funds.

Rate structure

The rate structures for permanent pensions, temporary disability, and survivors' benefits differ somewhat, and so are discussed separately below.

TABLE 13 Central statistical features by province (Workers' Compensation 1977)

Jurisdiction	Annual Total Expenditure (\$000)	Annual Total Ex- penditure on Benefits (\$000)	Annual Total Revenue (\$000)	Difference Between Revenue and Expenditure	Covered Population (000)
B.C.	\$114,570	97,470	248,394	133,824	850(e)
ALTA.	81,467	72,887	130,131	48,664	657
SASK.	46,098	41,976	61,824	15,726	310(e)
MAN.	21,684	18,806	30,752	9,068	400(e)
ONT.	383,379	345,838	640,000	256,621	3,500
QUE.	293,476	258,393	387,517	94,041	2,116
N.B.	17,403	15,664	20,199	2,796	150
N.S.	28,300	26,416	29,463	1,163	238(e)
P.E.I.	2,099	1,770	3,032	933	30
NFLD.	12,858	11,243	17,136	4,278	95
N.W.T.	N/A	N/A	N/A	N/A	N/A
YUKON	N/A	N/A	N/A	N/A	N/A
TOTAL	1,001,334 ^a	890,463	1,568,448	567,114	8,346
AVERAGE					

(e) estimate

^aExcludes data not available.

The determination of a monthly pension rests on very similar considerations in all jurisdictions. The standard approach to calculating a pension is the degree of incapacitation multiplied by 75% of the claimant's earnings.* In practice two groups of beneficiaries are defined: those receiving compensation for permanent total disability (PTD), and those receiving compensation for permanent partial disability. For example, a worker suffering a 50% handicap

* Part of the reason sometimes given for replacing just 75% of claimants' earnings is that the benefits are not taxed.

would receive a monthly pension of 37.5% of the amount of his income before injury. The claimants' earnings used in this calculation are subject to ceilings which, in 1977, ranged from \$12,000 per year (in the Maritimes) to \$16,000 per year (in Saskatchewan)—thus maximum annual pensions (at 75% of these ceilings) ranged from \$9,000 to \$12,000. Workers' Compensation programs also make a special provision for low income earners. This takes the form of replacing *total* income if that income is less than a minimum pension. Minimum pensions ranged widely from \$1,820 (Quebec) to \$5,810 (British Columbia).

Temporary compensation like a permanent pension, is provided for both total disability and partial disability. In case of temporary total disability, compensation is fixed at 75% of previous earnings (again constrained by the ceilings) unless previous earnings fall below a provincially-determined minimum when 100% of previous earnings may be paid. In case of temporary partial disability, compensation is calculated as the degree of incapacitation multiplied by 75% of the claimant's prior earnings. Six provinces (British Columbia, Ontario, New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland) may alternatively pay 75% of the difference between current earnings and earnings prior to the incident.

Survivors' benefits include lump sum and ongoing pension provisions. The lump sum payments cover funeral and like expenses. The ongoing pensions may be payable to a surviving spouse, to dependent children or to orphans. Also, all boards have the authority to award reasonable sums to other dependents. Should a surviving spouse remarry, benefits to the spouse are terminated though a lump sum 'dowry' ranging from \$1,200 to nearly \$15,000 may be paid and benefits to children may continue.

Indexing

The pensions in force may be adjusted to reflect the cost of living; but also the earnings ceilings are increased from time to time. Pension-indexing was approached in several ways among the provinces. The boards in three provinces indexed pension benefits by the Consumer Price Index (annually in Quebec and Nova Scotia; semi-annually in British Columbia). The board in New Brunswick reviews pension levels bi-annually, while in Alberta an Advisory Committee submits an annual report dealing, in part, with this subject. Other provinces had no formal indexing mechanism.

The earnings ceiling was modified automatically in three provinces—Alberta, Quebec and British Columbia. Both Quebec and British Columbia used the prevailing average wage rate (the mechanism used in Alberta was not reported). Saskatchewan and Manitoba have adopted a formula whereby the ceiling is increased by \$1,000 increments wherever the earnings of 10% or more of the injured employees in the preceding 12 months exceeded the ceiling applicable at the time. Boards in the remaining provinces have no formal guidelines for raising the ceilings though they are raised from time to time.

Financial work incentives

Although boards do operate rehabilitation programs for the permanently impaired, this group is not generally expected to return to regular employment.

Thus, the existing financial work incentives are directed toward those receiving temporary benefits. The major incentive for these persons is reported to be the 75% income-replacement rate. As observed above, boards in six provinces* may replace 75% of the *difference* between current earnings, a provision which further encourages return to the labour force. Several provinces operate rehabilitation centres or offer rehabilitation services with the objective of aiding the maximum number of injured workers, including those permanently impaired, to return to gainful employment.

Collection of overpayments

Some evidence exists that overpayments are not common. Where they do occur and a beneficiary is currently in pay, all boards will reduce future benefits. Where a claim is no longer active, any subsequent claim may be reduced. Also, British Columbia and Alberta indicate that litigation may be undertaken; Ontario reported occasionally arranging repayment by installments.

Financing and administration of Workers' Compensation

The program is financed by premiums levied on employer's payrolls at a rate reflecting the chance of accident in a particular industry. Annual premium rates among industries range from under 1% to nearly 20%. These premiums are considered to be a cost of doing business. Thus, the premium revenue must be sufficient to cover all current contingencies and to provide an actuarially-sound fund to make future payments on the basis of currently incurred pension obligations.

In 1977, premium revenue totalled \$1,355 million. Interest (on investments) of \$213 million brought total revenue to \$1,568 million.

In 1977, actual benefits paid totalled \$891 million. Of this amount, \$285 million (32%) was pensions and survivors' benefits: the proportion varied from 25% in Ontario to 40% in Quebec. A further \$454 million (51%) was paid in temporary compensation; interprovincially, this varied from 40% in New Brunswick to 59% in Ontario. Finally, the balance of \$151 million (17%) was paid on behalf of workers as medical aid; expenditures on this item ranged from 14% in Nova Scotia to 24% in New Brunswick.

Some interprovincial statistics on revenue and expenditure appear in Table A12. These are summarized in Figure 13.

Administration of Workers' Compensation is a provincial responsibility. In 1977, \$110 million was expended or 12% of benefits paid. Another measure of the extent of administration is the number of man-years expended per thousand claims.** The Canadian average was 5.7 man-years per thousand claims; provincial values ranged from 3.1 (Prince Edward Island) to 7.7 (Quebec). Some relevant statistics on manpower usage appear in Figure 14.

* New Brunswick, Prince Edward Island, Newfoundland, Nova Scotia, Ontario, British Columbia and Alberta.

** This measure is especially useful when drawing comparison among the provinces: the measure is independent of the relative generosity of the program and of the aggregate salaries of staff.

Recipients of Workers' Compensation

Recipients may be examined from two points of view; as claimants and as pensioners.

Claims are submitted for medical aid, for temporary compensation or for the initiation of a pension or a survivor's benefit. The proportion of claims under the three contingencies is not now obtainable; however, there is some evidence that about 10% represent the commencement of a pension. In 1977, approximately 1.1 million claims were processed by the boards. In effect, one of every eight workers registered a claim. As about 90% of these claims were for temporary compensation and medical aid, the value of each claim may be calculated from the total expenditures on temporary compensation and medical aid divided by 1 million claims: about \$600 per claim.

In 1977 the monthly caseload of pensioners was about 137 thousand, to whom an average of \$174 per month was paid.

At present, most boards do not retain demographic information on beneficiaries. Some available claims and caseload data are displayed on Table A11.

Relationships with other income security programs

These relationships may be suggested by administrative and policy linkages.

On an administrative/policy level, Workers' Compensation operates in considerable isolation. The boards do not generally request information on recipients of other programs, but are generally willing to share information with other agencies, such as those providing social assistance. Exceptionally, Workers' Compensation survivor benefits in British Columbia are adjusted when a survivor is also receiving a Canada Pension survivor's benefit.

Canadian Pension Commission

Pensions are payable monthly to former members of the Canadian Armed Forces,* their dependents and survivors, for disability or death attributable to service with the Canadian Armed forces in wartime or arising directly from peace time service. The program shares several characteristics with the permanent pension provisions of workers compensation: it is payable because of disease or injury related to employment; the costs are borne exclusively by the employer—in this case the government of Canada; the amount of the pension is determined by the degree of disability; and a claimant's financial circumstances and income do not have a bearing on eligibility. In 1977, about 136,000 persons received pensions each month at a total annual cost of \$414 million. Thus the average pension was about \$250 per month though it should be recalled that pensioners need not be totally disabled and so may have other income. Administering the program absorbed 400 man-years at a cost of \$10.5 million or 2.5% of benefits.

* Pensions may be paid to persons who served in Allied forces if they were domiciled in Canada prior to their service in World War I or World War II and if equivalent benefits are not provided to them under laws of other countries. Also similar benefits are available to Canadians whose disabilities are attributable to service in organizations closely associated with the wartime Armed Forces (e.g. Canadian Merchant Seamen).

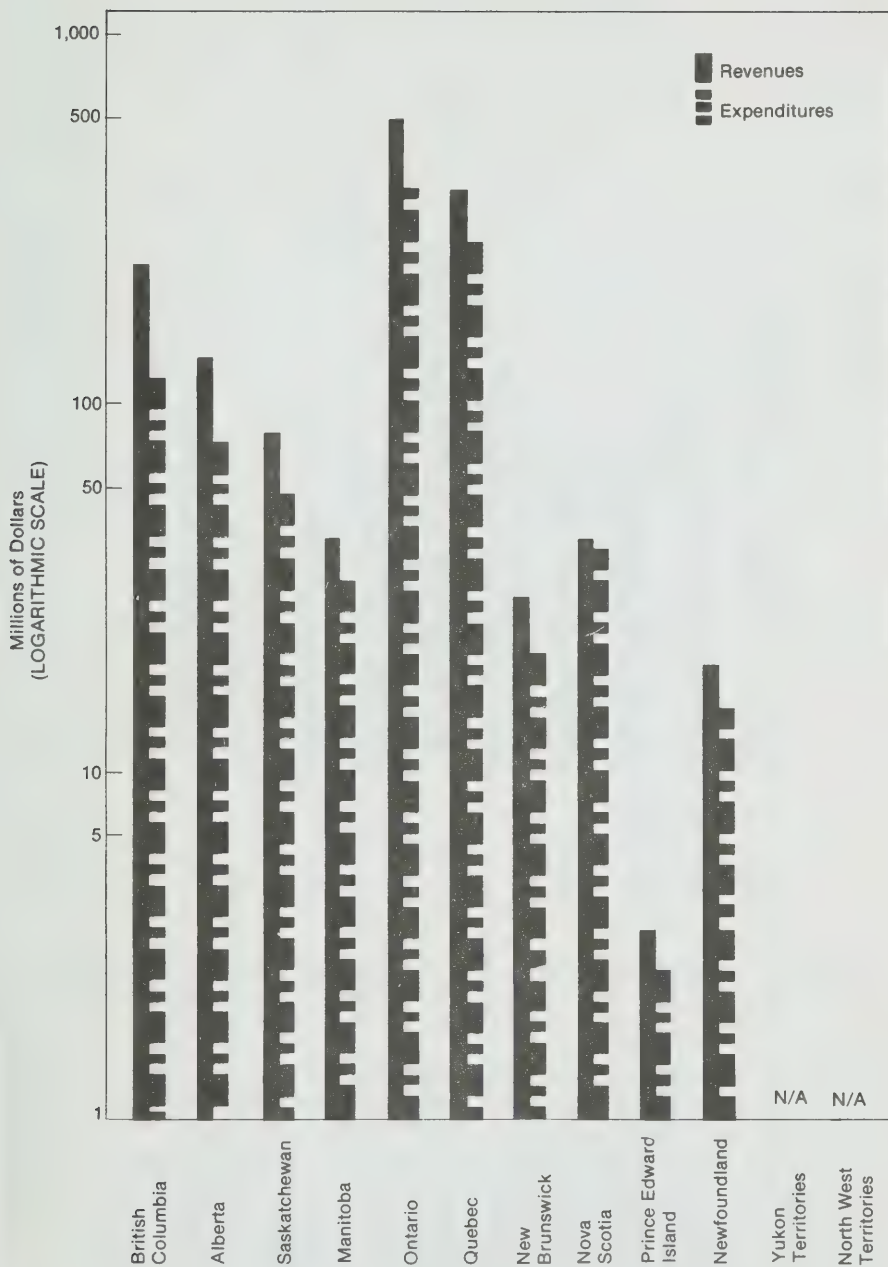


FIGURE 13 Workers' Compensation 1977 Revenue and expenditure by province (logarithmic scale)

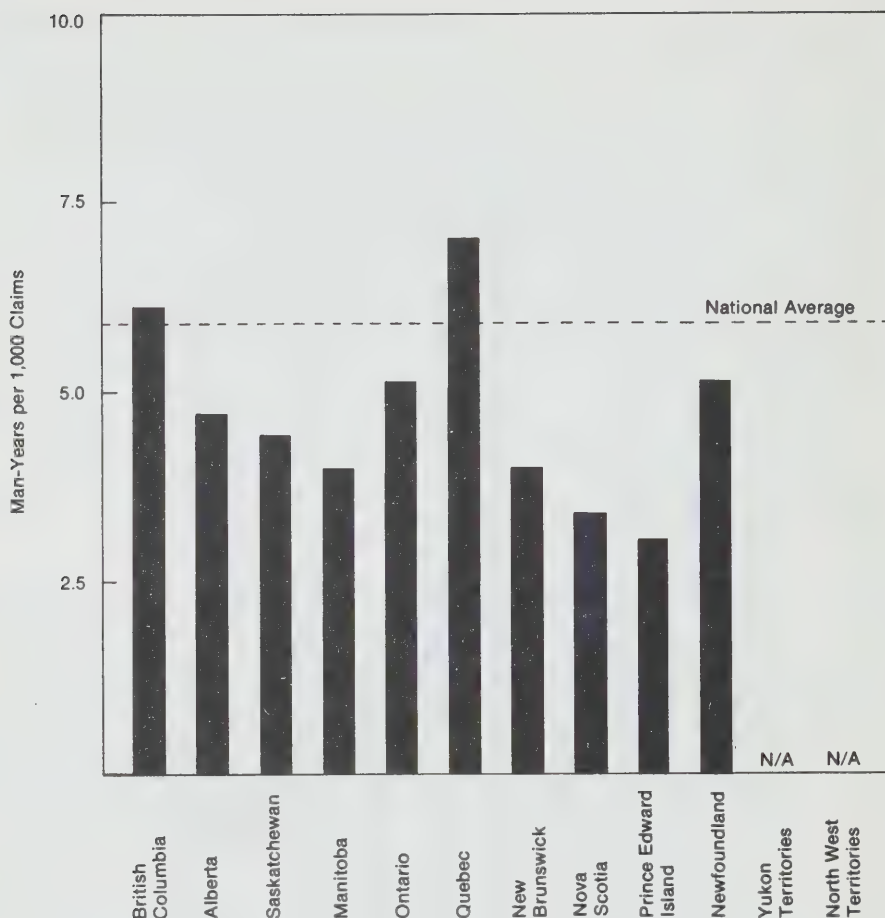


FIGURE 14 Workers' Compensation 1977 Man-years per 1,000 claims by province

The amount of a pension is determined by two main considerations: the first is if a medical assessment of the degree of disability is judged to be less than 5%, a lump sum payment is made (compare to the 10% lump sum provisions of workers' compensation); the second consideration derives from the principle that a 100% pension should equal a salary obtainable in the unskilled labour market. The pension is also adjusted to reflect the family size of the recipient: in 1977, a completely disabled single pensioner received \$556 per month, a married veteran \$696, a couple with one dependent child \$768 per month, and so on.

Pensions may be paid to surviving spouses or other dependents if the cause of death is attributable to military service or if, at the time of death, the pensioner was (or should have been) in receipt of pension at a rate of 48% or more. Pensions are indexed annually; as well the medical assessment of

disability is reviewed every two years. Like the permanent pension provisions of workers' compensation, pensions are paid as a matter of right and, so, do not incorporate work incentive provisions. Where overpayments arise, recovery is made from on-going monthly payments or from an estate; note that the overpayments cannot be recouped from associated widows' or dependents' pensions.

Administration is the responsibility of the Canadian Pension Commission reporting directly to Parliament through the Minister of Veterans' Affairs. Should an applicant be dissatisfied with an eligibility or entitlement decision of the Commission, he has recourse to regionally-convened Entitlement Boards (an advocate is freely available to him) or Assessment Boards. Thereafter ultimate appeal lies with the independently constituted Pension Review Board. The distribution of administrative resources apparent in Table 14 reflects the regional dispersion of staff. It is noteworthy that administration—costing \$10.5 million in 1977-8—amounts only to 2.5% of benefits or \$77 per case each year. This is substantially less than the extent of administration required for workers' compensation but it must be recalled that a great deal of activity of the Workers' Compensation Boards is associated with short-term disability and medical treatment.

TABLE 14 Administrative resources by province (Canadian Pension Commission 1977-8)

Province	(\$000) Expenditure
British Columbia	533
Alberta	262
Saskatchewan	191
Manitoba	289
Ontario	1,997
Quebec	335
New Brunswick	297
Nova Scotia	173
Prince Edward Island	101
Newfoundland	135
Yukon	—
North West Territories	—
	H.Q. 6,180
Total	10,493

In fact, a better comparison may lie with the Canada/Quebec Pension Plans where administration amounts to a comparable 2.6% of benefits.

As was observed above, about 136,000 persons received pensions in any month of 1977-8: of these 112 thousand received disability pensions in their own right while the balance received survivor's benefits. Turnover—as measured by the number of new beneficiaries—was slight, 204 pensions each month or .15% of the caseload. However, the Commission and its associated Boards heard 260 appeals. Demographic characteristics of the caseload were not reported.

As pensions are available as a matter of right independent of other resources of the pensioner, no formal relations with other Canadian* income security programs are maintained. This situation is quite similar to that obtaining for workers' compensation. Also, as with workers' compensation, benefits are not subject to income tax; they may not be assigned, attached, committed or given as security, though an overpayment of War Veterans' Allowance (for which pensioners are also eligible) may be recovered from an on-going pension.

Canada and Quebec Pension Plans

Overview

These Plans provide income 'continuity' to members of the labour force when they retire, in case of disability and to their survivors in case of their death. Because the Plans are similar, they ensure that coverage is provided regardless of location of employment. They will be described together, unless special note is otherwise made.

Coverage through the Plans is compulsory for all members of the labour force, which in 1977 numbered around 10.3 million. In that same year, 1.27 million individuals drew benefits each month. Of these beneficiaries over two-thirds collected benefits for retirement, one-quarter as survivors, and the remaining 7% as disabled. Also during 1977-8, about 220,000 new claims for benefits were submitted; thus about 2.1% of the covered population were claimants in that year. About 90,000 benefits were terminated and so, the ongoing beneficiary population exhibited a net growth of about 10-12% on an annual basis.

In 1977, about \$1.41 billion was paid in benefits. Administration required an additional \$36.6 million dollars (or 2.6% of benefits) and utilized 1485 man-years. Thus, total expenditures amounted to \$1.45 billion. Revenues in the same year reached \$3.32 billion. Of this total, \$2.40 billion (or 73%) was derived from employer and employee contributions and \$893 million (27%)** was generated by interest on investments made from earlier surpluses. The surplus of \$1.87 billion between revenues and expenditures accrued to the Canada Pension Plan Investment Fund or its Quebec equivalent. The CPP Investment Fund makes monies available to provinces under a formula based on contributions originating from that province relative to total contributions.

As indicated earlier in this chapter (Figure 2), Pension Plan benefits form about 8.4% of the total social security expenditure in Canada in 1977-8. This expenditure represented 0.8% of total personal income that year. The average monthly payment was \$93.

Some general statistics on the Plans' operations throughout Canada are presented in Table 15; other statistics appear in Appendix C, Tables A13 and A14.

* A certain amount of liaison is necessary with Allied governments.

** No interest revenue was reported by the Quebec Pension Plan which likely reflects the fact that the Quebec Pension Plan Fund is managed by the Quebec Deposit and Investment Fund.

Design features of the Canada/Quebec pension plans

Eligibility criteria

These criteria reflect the three broad classes of beneficiary: the retired, the disabled, and surviving spouses or children.

Retirement benefits are payable to those who on reaching age 65 have contributed during at least one year.

Disability benefits are payable to those with severe or prolonged mental or physical impairment, which prevents them securing gainful employment, and to their dependent children. The claimant must have contributed either for 10 years or for one-third of the possible contributory period (whichever is less), and for 5 of the last 10 years.

Survivors' benefits are payable to a surviving spouse and dependent child(ren) where contributions have been made either for 10 years or for one-third of the potential contributory period (whichever is less).

The contributions are calculated on the basis of pensionable earnings, that is earnings in excess of \$1,000 (1978) but under the Year's Maximum Pensionable Earnings, \$10,400 in 1978. A contribution rate of 1.8% of earnings is levied on both employers and employees; self-employed persons pay 3.6%.

Benefit rates

Upon retirement, a pension of 25% of average lifetime pensionable earnings is payable. This earnings' average is, however, adjusted to reflect average wages and salaries (as expressed by the Year's Maximum Pensionable Earnings) upon retirement. In 1978 the maximum monthly pension was \$194.44.

Disability benefits consist of a flat rate portion (CPP: \$48.19; QPP: \$123.59) and an earnings-related portion equivalent to 75% of the imputed retirement pension. Thus, the maximum monthly benefit was \$194.02 (CPP) or \$269.42 (QPP). In addition, a fixed monthly amount is payable on behalf of dependent children of a disabled beneficiary.

Upon death of a contributor, a lump sum is made available to the surviving family; it amounts to 6 months' retirement pension up to 10% of the Year's Maximum Pensionable Earnings. The spouse also becomes the recipient of a pension, the calculation of which depends on the spouse's age and the presence or absence of dependent children. A spouse aged 65 or over receives 60% of the actual or imputed retirement pension; the assumption made here is that the balance of the pension is provided by Old Age Security. A spouse aged 45-64 (or under 45 with dependent children or with a disability) receives a flat-rate benefit and 37.5% of the actual or imputed retirement pension of the contributor. For a single spouse under 45 without children, the amount of benefit is reduced by 10% for every year under age 45 until it disappears entirely at age 34. A flat rate orphan's benefit is payable for dependent children under age 21, or under age 25 if continuously at school.

Table 16 summarizes these benefit rates in 1978.

Indexing provisions

Pension benefits are indexed annually by the full change in the Consumer Price Index over the previous year. The Year's Maximum Pensionable Earnings

TABLE 15 Central statistical features (Canada and Quebec pension plans 1977-8)

Jurisdiction	Annual Payment (\$000)	Annual Payment as % of Personal Income	Administration Costs (\$000)	Administration as % of Annual Payments	Man-Year Per 1000 Cases	Average Monthly Number of Recipients (000's)	Average Monthly Payment Per Recipient (\$)
B.C.	\$ 154,647	0.8%	1,079	0.7%	0.4	139,046	\$92
ALTA.	87,782	0.6%	598	0.7%	0.4	84,191	87
SASK.	54,719	0.8%	449	0.8%	0.5	56,537	80
MAN.	66,500	0.9%	405	0.6%	0.4	63,966	87
ONT.	566,036	0.8%	4,230	0.7%	0.5	491,139	96
QUE. ^a	355,506	0.8%	22,000 ^b	6.0% ^c	2.3 ³	310,768	95
N.B.	37,954	0.8%	407	1.0%	0.6	37,169	83
N.S.	59,016	1.5%	464	0.8%	0.4	55,468	89
P.E.I.	6,264	1.0%	74	1.0%	0.6	6,997	71
NFLD.	21,002	0.7%	205	1.0%	0.5	21,122	83
YUKON	326	N/A	—	—	—	—	—
N.W.T.	672	N/A	—	—	—	—	—
OTHER	—	—	6,683	—	—	—	—
TOTAL-CPP	\$1,059,069	—	14,594	—	—	959,296	—
TOTAL-QPP	\$ 351,400	—	22,000	—	—	307,107	—
GRAND TOTAL	\$1,410,469	—	36,594	—	—	1,266,403	—
AVERAGE-CPP				1.4%	0.8		\$92
AVERAGE-QPP				6.0%	2.3		\$95
GRAND AVERAGE		0.8%		2.6%	1.2		\$93

^aQPP; minor effect of CPP in Quebec. Also QPP figure refers to calendar 1977^b1977^clarger than similar CPP figures because QPP is administered by an agency separate from the Ministry of Social Affairs while CPP figures are only for the administration of that particular program within the Department of National Health & Welfare.

TABLE 16 Canada Pension Plan and Quebec Pension Plan Maximum monthly benefits commencing in 1978

Type	Flat Rate		Earnings-Related		Total	
	CPP	QPP	CPP	QPP	CPP	QPP
	\$	\$	\$	\$	\$	\$
Retirement			194.44	194.44	194.44	194.44
Disability	48.19	123.59	145.83	145.83	194.02	269.42
Children & Orphans'	48.19	29.00			48.19	29.00
Survivor's						
a) over 65			116.66	116.66	116.66	116.66
b) under 65	48.19	123.59	72.92	72.92	121.11	196.51
Death			1,040.00	1,040.00	1,040.00	1,040.00

(YMPE), and thus maximum contributions, are also indexed. For the moment, this indexing is taken to be 12.5% annually until the YMPE reaches the level of the Industrial Composite of wages and salaries. Thereafter the YMPE will follow the Industrial Composite.

Overpayment collection

No detailed mechanisms were reported. Overpayments are, in general, recouped from current entitlement. Where the case is closed, records of the overpayment are retained and future entitlement may be reduced. Alternatively, the Minister may waive recovery.

Administration of the Canada/Quebec pension plans

The Canada Pension Plan is administered by Health and Welfare Canada in conjunction with Revenue Canada. The Department of Revenue of Quebec also administers contributions and contributory status; the remainder of the Quebec Plan is administered by the Quebec Pension Board.

Certain administrative statistics appear in Table A13. Two significant facts emerge from these 1977 data. First, while nearly \$1.4 billion was expended in benefits, the administration of this expenditure totalled \$36.6 million or 2.6% of benefits. Second, the available administrative indicators confirm the substantially greater administrative apparatus associated with the Quebec Pension Plan (separate agency for administration). The Quebec Pension Plan expended about 6% of benefits on administration, while the Canada Pension Plan figure was 1.4%

Beneficiaries of the Canada/Quebec pension plans

Of the 1,266 thousand persons receiving benefits each month in 1977, 959 thousand were beneficiaries under the Canada Pension Plan, while 307 thousand were beneficiaries under the Quebec Pension Plan (a fraction equivalent to the proportion of the aged in Canada who lived in Quebec).

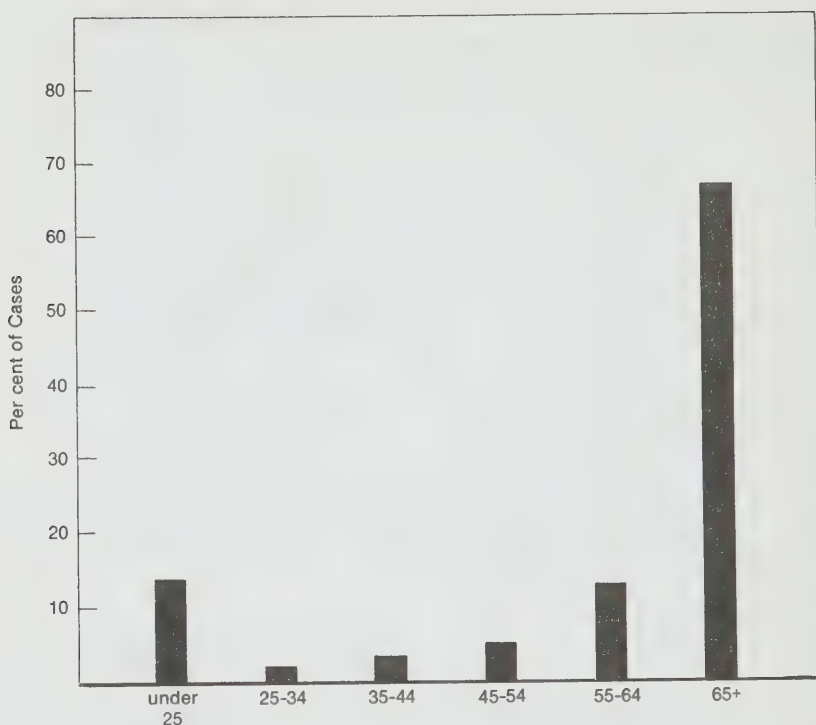


FIGURE 15 Age of beneficiaries (Canada Pension Plan 1977)

Age, or in fact retirement, was the reason for 68% of the awards. A further 25% of the awards were made to survivors and the remaining 7% were made to the disabled.

Certain data were also available on the age and sex of recipients. While the Quebec Pension Plan was not able to provide demographic data, it is reasonable to assume these data would roughly correspond to those for the rest of the country. If so, it appears that about 60% of recipients are male and 40% female. The age breakdown is given in Figure 15.

In 1977, the average monthly payment was \$93; this reached a low of \$71 in Prince Edward Island, and a high of \$96 in Ontario. The provincial averages appear in Table A14, along with some other data on coverage.

Relationships with other income security programs

As benefits are not related to the receipt of other income whether it is social security income or private income, the Plans need not be concerned with information-sharing on an administrative level. Quebec is an exception to this pattern as the QPP benefit is adjusted in the presence of a Workers' Compensation benefit to ensure that total benefits do not exceed the prior earnings of the recipient. Also, CPP benefits paid retroactively may be assigned to a province which has provided interim social assistance.

A number of relationships with other federal programs at a policy level were reported: Unemployment Insurance terminates at age 65 since CPP retirement benefits are assumed to be available; the CPP benefit level of 25% of pensionable earnings was fixed in light of the existence of the OAS benefit; the flat-rate survivors and disability benefits were expected to be in lieu of OAS benefits at age 65*. The GIS was designed for those individuals without substantial CPP benefits and, so, is reduced in the presence of CPP benefits.

Basic Provincial and Municipal Assistance (War Veterans Allowance / Civilian War Allowances)**

Overview

Provincial and municipal social assistance programs are 'residual' programs providing income to meet basic needs when all other resources have been exhausted. These programs are usually publicly identified as 'welfare'. In 1977-8, six provinces maintained single, unified basic assistance programs: Alberta, Saskatchewan, Quebec, New Brunswick, Prince Edward Island and Newfoundland. The two territories also had unitary systems. In Manitoba, Ontario and Nova Scotia, municipalities provided assistance for short term need and for 'unemployed employables' while provincial assistance was generally restricted to long term need and persons not expected to be available for employment. The War Veterans allowance and Civilian War allowances are available to veterans and some civilians who because of age or incapacity require income to meet basic needs; because of shared characteristics with basic assistance, these special programs are considered at the end of this chapter.

Ontario and British Columbia maintained special categorical programs for the disabled, integrated with basic provincial assistance. British Columbia also had special programs for persons aged 60-64 and persons aged 65 and over not eligible for federal Old Age Security, Guaranteed Income Supplement and Spouses' Allowance. As these Ontario and British Columbia programs correspond to elements of other provinces' assistance programs, they are treated as part of the respective provincial assistance programs in the following material. Saskatchewan also operated a special income supplementation program—the Family Income Plan*** which provided benefits to families on behalf of their children.

To ensure a measure of interprovincial comparability, all data on institutional cases, foster cases, and recipients only of non-insured health benefits are excluded from this analysis. Some central features of the remaining provisions of social assistance programs**** appear in Table 17.

In 1977-8 about \$2 billion was paid in social assistance benefits. The cost of administering the programs was \$146 million; or 7.3 per cent of transfers

* In 1970 it had been proposed that these flat-rate benefits would be equated to the OAS levels, then \$80. Quebec adopted this proposal in 1972. In 1973, the OAS benefits were raised and since then the QPP flat-rate benefit has not been equal to OAS, but the QPP flat rate is much greater than the CPP flat rate.

** part XI of the Civilian War Pension and Allowances Act

*** The Family Income Plan is described in detail under Children's Benefits.

**** See footnote on page 90.

paid. Nearly 9400 man-years were absorbed in delivering and administering these programs. While responsibility for the programs remained with the provinces, federal cost-sharing was available through the Canada Assistance Plan. Because some portions of the programs were not cost-shareable, the Federal share of social assistance payments was about 49 per cent. The province (and territories) financed 48 per cent of assistance, with the remaining 3 per cent paid for by municipalities.

TABLE 17 Central statistical features, 1977-8 (Basic provincial and municipal assistance programs)

	Annual Assistance Payments (\$000)	Assistance as % of Personal Income	Average Monthly Number of Cases	Average Monthly Number of Recipients	Recipients as % of Population
B.C.	\$ 264,293	1.3%	79,510	139,410	5.6%
ALTA.	139,142	0.9%	35,074	82,919	4.3%
SASK.	57,650	0.9%	15,860	34,360	3.6%
MAN.	57,182	0.8%	22,974	47,954(e)	4.8%
ONT.	532,700	0.6%	168,302	353,949	4.2%
QUE.	735,667	1.8%	242,964	456,944	7.2%
N.B.	87,150	2.3%	28,024	65,796	9.6%
N.S.	54,629	1.1%	20,289	49,616	6.0%
P.E.I.	9,341	1.7%	2,717	6,847	5.7%
NFLD.	52,000	1.8%	18,700	49,649	8.8%
N.W.T.	3,900	N/A	1,393	3,824	8.8%
YUKON	741	N/A	422	859	4.1%
TOTAL	\$1,994,395		636,229	1,292	
AVG.		1.1%			5.6%

(e) ...estimate

As indicated earlier in this chapter (Figure 2), social assistance payments were about 12 per cent of benefits paid by all income transfer programs studied. However, the relative size of social assistance compared to other transfer programs is not necessarily indicative of its importance within Canada's income transfer system. In most cases, recipients of social assistance are entirely dependent upon these benefits; benefits under other programs may not be as critical for recipients.

* British Columbia:

Guaranteed Available Income for Need
(excluding GAIN supplements to
OAS/GIS/SPA recipients)

Alberta:

Social Allowance

Saskatchewan:

Saskatchewan Assistance Plan

Manitoba:

Social Allowance; City and Municipal
Welfare

Ontario:

Family Benefits Assistance; General
Welfare Assistance (municipal)

Quebec:

Social Aid

New Brunswick:

Social Assistance

Nova Scotia:

Family Benefits; Municipal Social
Assistance

Prince Edward Island:

Welfare Assistance

Newfoundland:

Social Assistance

Yukon:

Social Assistance

Northwest Territories:

Social Assistance

An average of 636,000 families and individuals received assistance in each month of 1977-8 (excluding persons in institutions). These families comprise 1,300,000 people dependent upon assistance during any month. This is approximately 5.5 per cent of the Canadian population. However, there is a substantial amount of 'turnover' on social assistance, so that over the year a larger number of people received social assistance at some time. Because most provinces do not keep statistics of this nature, it is not possible to count precisely how many people had been recipients at least once in 1977-8. An estimate, based on figures for provinces with the data, is 1.8 million—2.3 million people in 1977-8; or up to 40 per cent of the Canadian population.

As the residual social security program, social assistance interacts in special ways with other income transfer programs. Social assistance administrators must be familiar and aware of the other programs to ensure that social assistance can continue to be flexible. Indeed, to keep costs down, the amounts and timing of other incomes of assistance recipients must always be known. Therefore, sophisticated verification procedures have been developed.

Some programs directly overlap with social assistance. In 1977-8, 330,000 (or 53 per cent of) social assistance families or individuals received some payment from another program. Most of these (88 per cent) received Family Allowance benefits; while about 12 per cent received benefits from some other program. Finally, there is a great deal of flow among programs, such as from Unemployment Insurance to social assistance. Unfortunately, data on flows of this kind are not available.

Design features of provincial and municipal assistance programs

Eligibility criteria

Receipt of social assistance depends on a 'needs test' in all jurisdictions. This 'test' operates by comparing an individual's or family's 'prescribed financial needs' for food, shelter, clothing, personal essentials (and special items) with the family's available income. The resulting deficit is then fully or partially made up. The prescribed financial needs are fixed by the province or municipality. The available income is also defined by the province or municipality. Finally, the province or municipality has the discretion to establish maximum payments.

Recipients of social assistance are frequently classified as aged, as long-term disabled, as a single parent with a dependent child(ren) (usually under age 18), or as unemployed but employable. There are two marked differences between the first three of these classes and the fourth class. First, members of the former classes are more likely to receive benefits for an extended time; while unemployed employables are more likely to be reintegrated quickly into the work force. Second, assistance was historically offered to each of the aged, the disabled, or single parents through a separate program. While benefits for the unemployed employable were only gradually introduced later. A residue of these categorical programs remains embedded in the social assistance structure of various provinces. For instance, provinces with municipal assistance programs (Nova Scotia, Ontario, Manitoba) will classify recipients of provincial assistance as aged, disabled, single parent. More generally some differences do

remain in provisions for certain classes of beneficiaries and these are mentioned below.

Every jurisdiction establishes a minimum qualifying age, which generally ranges from 16 to 19 years, and which may vary according to the class of recipients. There were no maximum ages, though, as noted above, the aged may be treated differently in some provinces. The aged are defined to be 65 years and older in Nova Scotia, Ontario and Manitoba, and 60 year and older in British Columbia and Alberta.

Throughout Canada, a recipient is generally considered employable if he is physically and mentally fit for employment and has no family responsibilities. These persons are expected to be available for and seeking work. Beyond this general statement, certain provinces and municipalities reported specific provisions. Alberta provided (in 1977-8) that single unemployables would receive benefits for a variable period up to 31 days, as circumstances required, with a heavy emphasis on hostel referral. New Brunswick required registration with the Canada Employment and Immigration Commission (and in the case of single persons or couples awaiting U.I. benefits, provided no assistance).

Available income may include both current earnings and other social security benefits. Current earnings are treated so as to endeavor to produce work incentive effects and so are explored below under that subject. Turning to other social security benefits, those from certain sources were not counted: Family Allowance (by exception, Prince Edward Island and Saskatchewan do count it and adjust their assistance rates accordingly) and Property and Renters Tax Credits. Other social security incomes were counted in full: OAS/GIS, Unemployment Insurance Benefits, CPP/QPP benefits, Workers' Compensation, and Veterans' Benefits.

Most jurisdictions distinguish real property assets from liquid assets. The possession of reasonable real property (one house, one car and so on) does not disentitle an applicant. The limits on liquid assets (cash, bonds, etc.) can be quite strict: for example, while municipalities do retain some discretion in this matter, some require that all liquid assets be exhausted before the benefits may be received. Provincial and territorial programs are more generous, but also vary. Allowable liquid assets are from \$400 to \$1500 for a single person and \$800 to \$2,500 for a couple.

Financial work incentives

By exempting some current earned income from the calculations of the needs test, social assistance programs endeavour to ensure that recipients are better off by beginning and continuing employment. Thus part-time or casual earnings generally are exempted. For full-time earnings, the actual provisions adopted by the provinces and municipalities were quite distinctive, but based on two approaches. The first is the sheltering of a fixed amount of earned income from the calculation: income above the fixed amount then reduces benefits—often dollar for dollar. This practice recognizes that recipients must set aside some income to meet costs of employment (new clothes, transportation costs, babysitting costs). The second approach is the counting of a percentage of gross or net income, thereby allowing the recipient to retain a portion of earned income over a wide earnings range.

Provinces and municipalities use variations of these possible approaches. To illustrate the incentive provisions of the schemes, we assume that the recipient unit is a couple, and display the relationship between earned income and the reduction in benefits for 1977-8 graphically in Figure 16. Evidently, the greater incentive provisions allow a recipient to keep more income; on the graph this would be reflected by a *lower* curve for that program. However, curves also tend to crossover. It is not yet established if these incentives 'work' and how the relative generosity of provisions over particular income ranges affect the ultimate choice of recipients to take up work.

Accounting system

A central concern to recipients is the period between assistance cheques; the corresponding concern of program managers is the frequency of mandatory reporting by recipients.

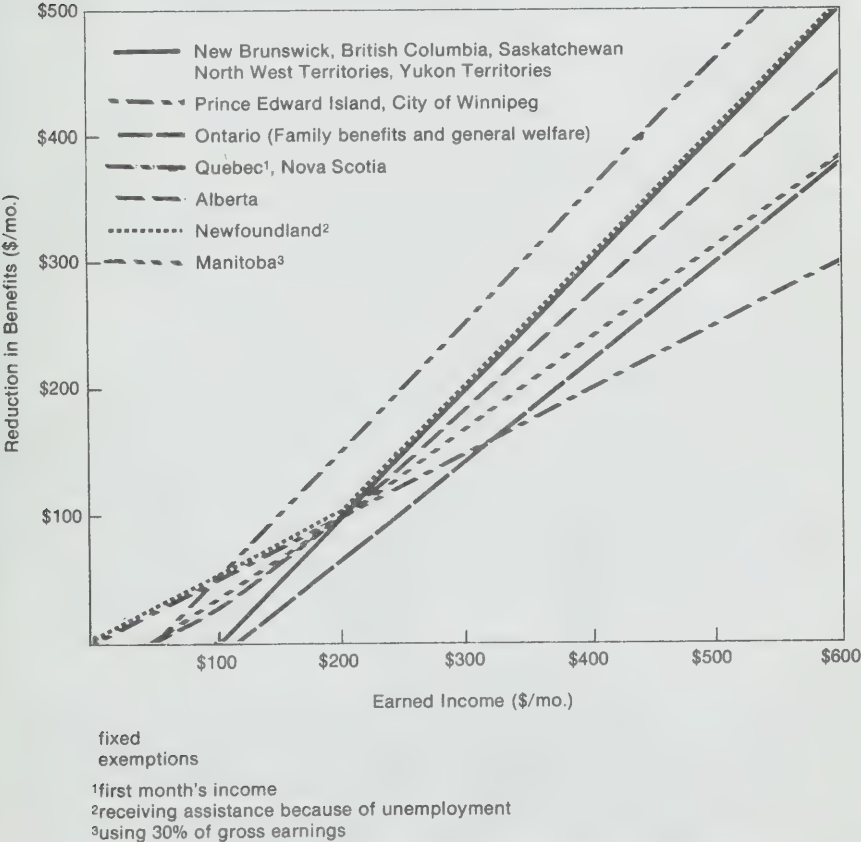


FIGURE 16 Work incentives: treatment of earned income of a couple (Provincial and municipal assistance programs by province, 1977-8)

In 1977-8, all provinces, as well as the Ontario municipalities, made monthly payments. Alberta operated on a varied payment period up to a month depending on client circumstances in the short-term component of its program. Municipal assistance was distributed bi-weekly in Manitoba.

All assistance programs require status reports when a relevant change in financial or family circumstances occur. Two provincial (British Columbia, Quebec), the two territorial, and the three municipal programs also insist on monthly reports in any event. Alberta also does so for its short-term cases. The remaining provinces conduct confirmatory status reviews at least once annually.

Another component of the accounting system is the period over which income is counted. This defines the available family income in any month. Most jurisdictions simply determined income for the month in which entitlement was paid (in the case of Quebec, the previous month's income was used). However, British Columbia broadened the base somewhat by considering income in the two previous months. Prince Edward Island reported the most comprehensive income-averaging provision: income throughout the previous year was considered.*

Indexing benefits

Only the provincial programs operated by Nova Scotia and Quebec include statutory provisions for indexing. Nova Scotia indexed prescribed needs semi-annually by the provincial Consumer Price Index. However, this indexing need not mean increased benefits for those who already receive maximum payments (the maximum payments only increase with increases in the minimum wage in Nova Scotia). Quebec indexed payments annually by the Quebec Pension Plan index.

Collecting overpayments

Fraud, administrative error, or non-synchronized interactions with other Social Security programs may result in an overpayment. Generally similar policies were in effect to recoup such funds; all provinces and municipalities (except New Brunswick) would reduce future entitlement. In Saskatchewan, British Columbia and the territories, such reductions were discretionary. Newfoundland, Quebec, and Ontario collected to a monthly maximum: 2 per cent of recipient's income in Quebec 5 per cent in Newfoundland and Ontario.

Finance and administration

Delivery and administrative costs totalled about \$146 million in 1977-8; though this figure must be understood in the light of estimates made in its derivation. Administrative costs for social assistance had to be carved out from the social services generally, in the provinces. This required prorating central manage-

* Alberta takes a similar approach for farmers, where the year used is November 1 to October 31.

ment, planning, personnel and so on. This process was carried out by the individual provinces within general guidelines only, and inaccuracies remain. Also, this total excludes administrative services provided by the provinces' central agencies. The extent of such exclusions would depend on the administrative configuration of provincial governments.

The \$146 million was 7.3 per cent of assistance paid in 1977-8. This illustrates that no massive reduction in assistance-associated expenditure is possible by cutting administrative costs. For example, a 10 per cent cut in administrative costs would reduce the total cost of social assistance by 0.7 per cent.

These administrative and delivery expenditures purchased 9,380 man-years of service. Other statistics appear in Table A15.

The recipients of provincial and municipal assistance

This section reports demographic information (age, sex, family composition) and program information (type of case: aged, disabled, single parent, or employables; and employment status) on cases. Also reported are data on turnover of recipients and average monthly assistance per recipient. To ensure a measure of interprovincial comparability, all institutional cases, foster cases and recipients only of non-insured health benefits were excluded from the gathered data and, so, from the results reported here.

Demographic and program characteristics

Significant demographic and program characteristics of social assistance caseloads in 1977-8 appear in Table A16 to A18.

In 1977-8, an average of 636,000 cases received assistance each month. Figure 17 displays this total by sex of head, family composition, and age of head and provides some data for the comparable Canadian population. It is apparent that female-headed families, single persons and those aged under 25 constitute a disproportionately large fraction of social assistance caseloads.*

Turning to the employment status of recipients in 1977-8, the national aggregates indicate that 68 per cent of cases were considered unemployable, 28 per cent were considered unemployed employable, and the balance of 4 per cent were employed full or part time. Quebec and New Brunswick figures revealed a marked difference from the national trend: unemployables were a lower proportion at 52 per cent and 59 per cent of caseloads, and unemployed employables were a higher proportion at 47 per cent and 37 per cent of their caseloads.

Regarding case type, the national figures show that 8 per cent were considered as aged, 30 per cent as disabled, 35 per cent as single parents and 21 per cent as having deficient earnings. Provincial figures reveal considerable diversity over these categories: the proportion of aged varied from 1 per cent to

* The 636,000 cases included about 1.3 million individuals or 6 per cent of the Canadian population. Unfortunately, most provinces can not produce the demographic characteristics of the full dependent population of 1.3 million. Thus, no comparison may be made with the population of Canada.

Demographic Characteristics

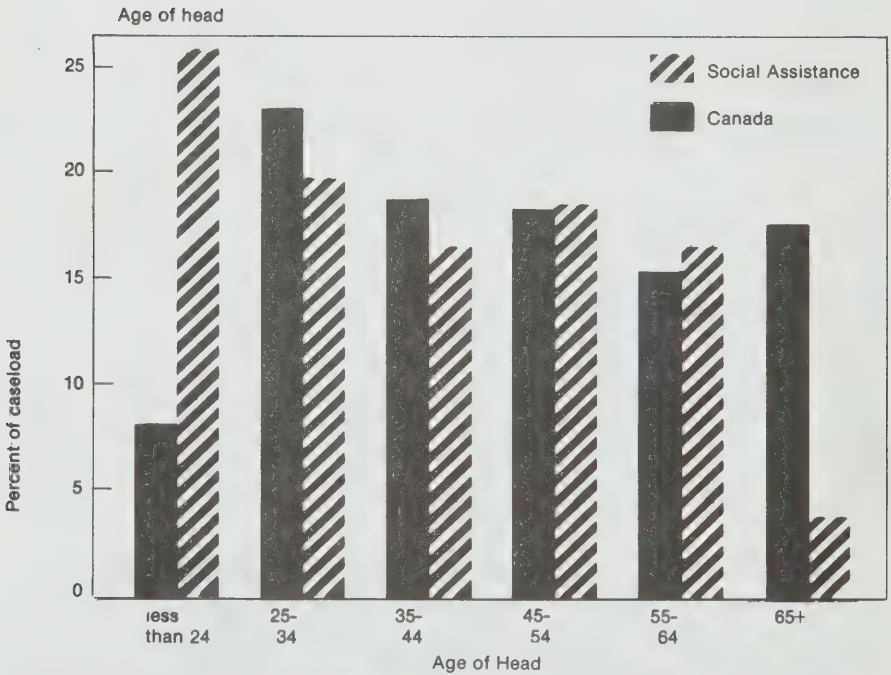
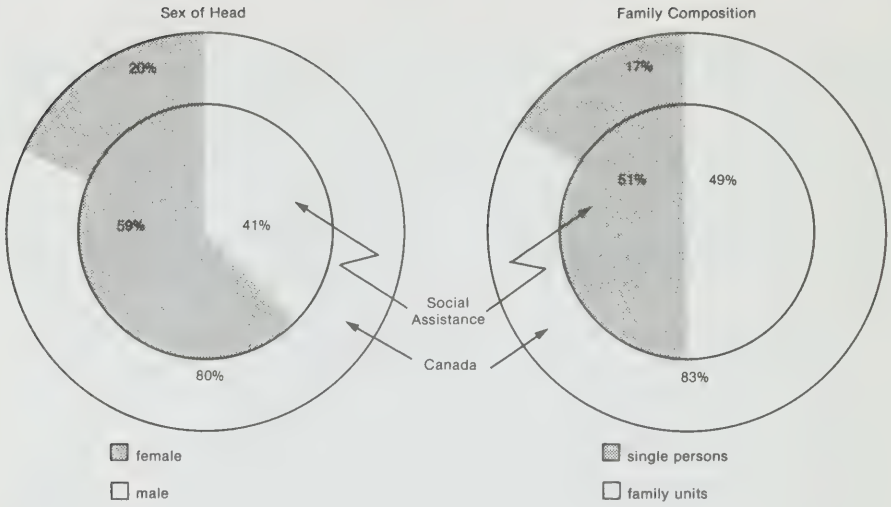


FIGURE 17 Comparison of social assistance caseload to Canadian population* (Basic provincial and municipal social assistance)

*Source: Census of Canada, 1976. Dwellings and Households: Private Households by Marital Status, Sex and Age of Head. Table 43. (Cat. 93-809)

18 per cent; the proportion of disabled from 14 per cent to 56 per cent; the proportion of single parents from 23 per cent to 49 per cent; and the proportion of deficient earnings from 2 per cent to 35 per cent.

Turnover

For Canada as a whole, about 37,000 new cases were enrolled on social assistance during each month in 1977-8; this is 5.8 per cent of the average monthly caseload. This varied considerably, from 13.1 per cent in Newfoundland to 4.5 per cent in Quebec.

Recipients as a percent of population (dependency rate)

Although 5.6 per cent of all Canadians were dependent on social assistance, there was significant variation among the provinces: 3.6 per cent to 9.6 per cent. Of the information at hand, the principal determinant of the dependency rate among the provinces is the per capita personal income: every \$1,000 increase in per capita personal income, lowers the dependency rate by 1.1 per cent.

Monthly assistance to each recipient

Across Canada, monthly assistance to each recipient averaged \$129 in 1977-8. This ranged from \$87 to \$158.

Relationships with other income security programs

As a residual program, social assistance must be geared to supplement other 'first-payer' social security programs and to provide assistance where no other program exists. Thus, social assistance must include mechanisms to take into account the payments received through other public programs and must monitor these programs so that any changes in them can be accommodated.

The amount and timing of incomes from these other social security programs must necessarily be learned through verification procedures. The most formal of these procedures was the linkage to Unemployment Insurance: six provinces received regular computer listings while three others exchanged information via a form-letter. Less formal links were reported with Workers' Compensation and the Canada (Quebec) Pension Plan.

In 1977-8, nearly \$370 million was received by assistance recipients from other income security programs, largely family allowance, which accounted for about 45 per cent of the total. The total was 20 per cent of the assistance paid. Had these other benefits not been available, almost certainly the assistance payments would have had to be higher. On the other hand, had programs such as family allowance realistically recognized the costs of raising children, the social assistance costs would be lower.

The timing of other income can be a problem where retroactive lump sum payments are made. Several jurisdictions (Newfoundland, British Columbia,

Ontario (FBA and GWA) respond by providing that clients receiving interim social assistance while awaiting other payments assign the eventual lump sum to the province as a method of recouping the costs.

Single parents supporting children have a unique source of income: court-ordered maintenance payments. Five jurisdictions allowed these monies to be assigned to the province; the single parent was then supported through social assistance. In the five jurisdictions, \$10 million was collected by government under such a procedure.

As might be expected, there is considerable flow between programs, e.g. when Unemployment Insurance benefits lapse, a family or individual may then turn to social assistance. Regrettably, no measures of this flow are available.

War Veterans Allowance/Civilian War Allowance

These allowances are payable monthly to veterans and to certain groups of civilians who, because of age or disability, are unable to work and, so, have insufficient income for meeting basic needs. As such, the allowances are comparable to basic assistance programs in several ways: applicants are aged or disabled, entitlement is based on an income test, and the programs are of a 'residual' nature. In 1977-8, about 95,000 individuals and families received benefits each month. The annual benefits amounted to \$216 million, or \$190 each month for each beneficiary unit. Administering the programs required 933 man-years at a cost of \$17.1 million or 8 per cent of benefits.

To be eligible for an allowance, a veteran must have served in a theatre of war (including the Korean War), or be in receipt of a disability pension for an injury or disease during service. Subject to conditions of length and area of service, certain Canadians (eg. Canadian Merchant Seamen) are also eligible. The allowance may be awarded to a male veteran or widower of a female veteran at age 60; a female veteran or widow qualifies at age 55. However, both men and women may receive benefits at earlier ages if they are deemed to be permanently unemployable or are unable to maintain themselves. Benefits paid are determined by an income-test, i.e. are based on the size of the family dependent on the applicant* and on the other income available to the applicant. Other income includes wages and salaries, interest income from investments, disability/retirement pensions, and a portion of the guaranteed income supplement/spouse's allowance; it excludes social assistance, casual earnings, and limited amounts of interest on bank deposits. The exclusion of casual earnings operates quite generously as up to \$1,500 (single person) or \$2,250 (couple) annually is exempt from entitlement calculations. Where a recipient's income exceeds these amounts, benefits are reduced dollar-for-dollar much as is true for several social assistance programs. As with the social assistance programs, this combination of exemption and 100 per cent take back rate is considered to be a work incentive. Where a recipient is in considerable need, a needs-tested supplement is also available: most recipients avail themselves of this provision. Finally, the monthly maximum rate (by family composition) and needs-tested supplement are indexed quarterly; in April 1977 the maximum

* children under age 17 or students under age 25 are included.

monthly rate was \$234 for a single recipient, \$399 for a couple while the supplement was \$40 for a single person, \$70 for a couple. Where an overpayment occurs, further benefits may be withheld or suspended.

The allowances are administered by the War Veterans Allowance Board reporting directly to Parliament through the Minister of Veteran's Affairs. Program delivery and associated decision-making is decentralized to 18 districts. Thus, the \$17.1 million budget for administration and the 933 staff in 1977 were deployed across Canada as is depicted in Table 18. Administration costs come to \$180 per case each year or 7.9 per cent of benefits. These levels are comparable to those for basic provincial and municipal social assistance.

TABLE 18 Administrative resources by province (War Veterans Allowance/Civilian War Allowances 1977-8)

Province	Expenditure (\$000)
British Columbia	2,000
Alberta	1,007
Saskatchewan	679
Manitoba	760
Ontario	3,239
Quebec	1,718
New Brunswick	961
Nova Scotia	711
Prince Edward Island	199
Newfoundland	604
Yukon	—
Northwest Territories	—
H.Q.	4,666
Outside Canada	537
Total	17,085

During any month of 1977-8, about 95,000 individuals and families received benefits. Of these cases, 71,000 (75 per cent) received benefits because of age (i.e. over 55 or 60 years old), 22,000 (23 per cent) received benefits because of inability to maintain themselves, and 2,000 received benefits as survivors of veterans. A breakdown of the population by age and sex appears in Table 19. Perhaps surprisingly, over 40 per cent of cases are headed by women, many of whom would be veterans in their own rights. When the number of dependents is counted, the total population relying on these benefits amounts to 120,000 persons or about 10 per cent of the social assistance recipients in any month. Unlike the situation with social assistance programs, however, turnover—as measured by new cases—is remarkably low: 1,100 cases per month or 1 per cent of the current caseload (the comparable figure for social assistance is about 6 per cent): this observation no doubt reflects the long-term nature of benefits to the 'permanently' unemployable veteran.

TABLE 19 Demographic characteristics: age by sex (War Veterans Allowance/Civilian War Allowances 1977-8)

Age	Sex	
	Male	Female
35-44 years	24	205
45-54 years	4,765	3,353
55-64 years	28,882	9,497
65 years & older	21,001	26,761
Total	54,672	39,816
Grand total	94,488 ^a	

^aMarch 1978 figures.

Veterans allowance programs share with other income-tested residual programs the necessity to account for and verify other social security incomes. The main reported overlap lies with OAS/GIS: nearly 50 per cent of beneficiaries received \$144 million in 1977-8; also about one in six recipients received CPP/QPP benefits amounting to \$20 million, while 10 per cent received \$6 million in family allowances. Thus, in sum, a further \$170 million was made available to allowance recipients under these other programs: these sums increased their disposable income in aggregate by almost 80 per cent above the allowance itself.

Income security as a system

The income security system in Canada has grown gradually through the addition of particular programs to meet specific economic and social demands at particular points in Canada's development from an agricultural society to a modern industrial nation. As the preceding inventory demonstrated, these programs which have evolved are by no means mutually isolated. Because they form a system, each of them may affect recipients, governments, and the general public in ways not yet fully understood. To discover some of these indirect effects this Chapter analyses the array of income transfer programs as an interacting network and describes some of the resulting problems.

The system of income security programs is faced with four major issues:

- **Confusion:** *The system is immensely difficult to understand. The public cannot identify who is responsible for policy affecting recipients, and recipients cannot identify who is responsible for the benefits they ultimately receive. Difficulty in understanding the system means recipients must become more dependent on professional advice.*
- **Uncertainty:** *Planning and program development is makeshift and consists largely of responses to specific requirements without consideration of effects upon the system as a whole. There is no centre of responsibility. Gaps in the system may remain unidentified, and the system has a great deal of inertia.*
- **Leverage:** *One level of government may unilaterally take steps that seriously affect another level of government—in terms of both expenditures and program responsibilities. There is no clear division of responsibility between governments. Similarly, various branches of a single government may act unilaterally and without adequate consideration of effects upon programs within other branches. Decision-making protocols are unclear both inter- and intragovernmentally.*
- **Administrative inefficiency:** *Administrative requirements are greatly increased while administrative effectiveness is decreased. Management must respond to changes in other programs; information is needed regarding a multiplicity of additional factors; and there is continual uncertainty about the net effect of the whole system upon recipients.*

Income security programs, like the income tax system, are inevitably complex. Frequent changes are necessary to keep them responsive to changing needs and priorities. Even the simplest program, family allowance, has been subject to four major changes in the past six years: increased to \$12 in 1973, increased to \$20 and indexed to the cost of living in 1974, deindexed for one

year, and decreased once more to \$20 in 1979. The family allowance may be adjusted by family size or age in any province; it is financed by and subject to income tax, so that its net effect on any family is not self-evident; and there are special provisions for benefits to children in the care of a child welfare agency. If such a straightforward program is anything but simple, unemployment insurance and social assistance will at best be many times as complicated.

But accepting the inevitability of some complexity does not mean that confusion, inefficiency, and uncertainty have to be accepted also. The unpredictable consequences of program interactions multiply problems beyond an acceptable level. The system is confusing because there are too many programs whose net effects are unknown. Reforms in one program often impair the goals or administration of others. Levels of government may unintentionally affect one another because each administers several programs with no clear division of responsibility. Administrators cannot learn the final results of their actions. Such problems arise out of the interactions between programs.

The program interactions include simultaneous benefits, spill-over effects of one program on another, categorical exclusions, information and delivery system interactions, accounting and payment period interactions, and definitional problems. The following analysis of program interactions is restricted to major income transfer programs within the general social security system. It does not consider social services, income tax, or tax credits. When these other programs are taken into consideration, some of the problems analysed below, such as the stacking of benefit reduction rates, become even more significant.

Simultaneous benefits

The fact that one family may receive two or more benefits simultaneously from a number of different programs is often viewed as the primary cause of complications within the system. An individual is depicted opening his mailbox to find four or five cheques from different programs totalling a large sum, with each program ignorant of the benefits paid by the others. Our research indicates that this portrait is incorrect: such cases rarely occur. The sheer number of unplanned simultaneous benefits is not a major problem, but the fact that receipt of simultaneous benefits is irregular and uncoordinated, while coverage periods vary, can have unintended and undesirable results.

Table 1 estimates the number of cases enrolled in more than one major income security program in 1977-8. The main overlaps occur within programs designed specifically for the elderly. These programs were designed with precisely this kind of cumulative benefit structure as an objective. The family allowance also contributes to a large number of simultaneous benefits. As a demogrant, paying a benefit to every family with children, it will always overlap with any other program paying benefits to families.

Substantial unplanned simultaneous benefits appear among those cases receiving Canada/Quebec Pension Plan disability benefits who are also receiving workers' compensation or veterans' benefits. As well, a moderate amount of social assistance supplementation is given to persons receiving Canada/Quebec Pension Plan benefits. Except in these two areas, unplanned simultaneous benefits are the exception rather than the rule. But the fact that many overlaps were planned does not mean the planning was adequate, as shown by the recent

TABLE 1 Families receiving payments from more than one income security program 1977-78 (thousands)

Average Monthly Caseload of Major Income Security Programs	Social assistance	Workers' compensation	Prov. elderly suppl.	Family Allowance	Unemployment insurance	Veterans' benefits	CPP/QPP	OAS	GIS/SPA	Cases on each program with at least one other benefit
Social assistance 650		5	0	260	7	4	34	19	19	348
Workers' compensation 520	5		4*	260*	0	0	42*	10*	10*	331
Prov. elderly suppl. 480	0	4*		0	0	43	0	480	480	1,007
Family Allowance 3,580	260	260*	0		365*		72*	0	0	1,142
Unemployment Insurance 730	7	0	0	365*		0	0	0	0	472
Veterans' benefits 240	4	0	43	0	0		19	120	72*	258
CPP/QPP 1,000	34	42*	0	72*	0	19		750	110*	1,027
OAS 2,000	19	10*	480	0	0	120	750		1,100	2,479
GIS/SPA 1,100	19	10*	480	0	0	72*	110*	1,100		1,791

Note: Total number of cases 10,300,000. Asterisk means a very rough estimate, since more accurate data is unavailable. Other estimates are derived from the Task Force's inventory of programs.

problems in adjusting provincial senior citizens' supplements to an increase in the Guaranteed Income Supplement.

The problems that arise from simultaneous payment of benefits are the result of two different types of interaction: hierarchical and summing. A hierarchical interaction occurs when benefits paid under one program are adjusted to take account of benefits paid under another. A summing interaction is just the opposite: it occurs when benefits paid under one program do *not* take account of benefits from another program, given existing rules.

Both types of interaction may be found throughout the system of income security programs. Most provincial social assistance programs maintain a summing interaction with family allowance, that is, the amount of social assistance a recipient receives does not take into account the amount of family allowance the recipient may also receive. However, Saskatchewan and Prince Edward Island are exceptions; in these two provinces family allowance counts as income for purposes of calculating benefits under social assistance. In these two cases social assistance has a hierarchical interaction with family allowance.

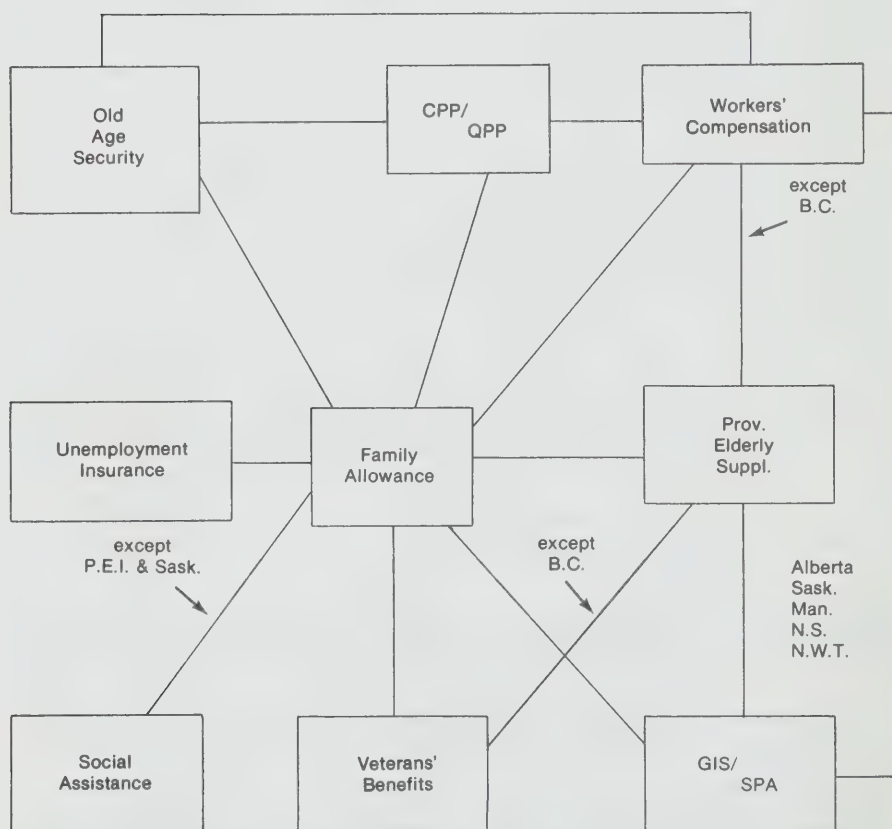
Neither hierarchical nor summing relations are necessarily symmetrical, that is, there is not necessarily a reciprocal relationship between programs. The fact that Program A takes into consideration benefits received under Program B does not mean that Program B is designed to take into consideration benefits received under Program A. For example, social assistance payments will adjust if an applicant is also in receipt of unemployment insurance, but the latter does not adjust to the former. In other words social assistance is in hierarchy with unemployment insurance, while unemployment insurance sums with social assistance. It is possible to chart the flow of effects through the income security system. Such a flow chart graphically illustrates the asymmetrical relationships between programs, which result from non-reciprocal program design.

Hierarchy

Figure 1 shows the hierarchical effects in the major income security programs. Programs at the "bottom" of the hierarchy must accommodate themselves to the influence of those at the "top". A number of central problems are associated with hierarchical interactions:

- *Programs at the bottom of the hierarchy have the added administrative task of verifying whether applicants are also in receipt of income from upper-level programs.* This is most important for social assistance, but it is also of consequence for veterans' benefits, the Guaranteed Income Supplement/Spouses' Allowance, and provincial supplements for the elderly.
- *Programs at the bottom of the hierarchy may be distorted to fit other programs.* For example, if the Guaranteed Income Supplement/Spouse's Allowance is increased, provinces may require special provisions for Guaranteed Income Supplement/Spouse's Allowance recipients also enrolled on social assistance. This is of most importance for social assistance and provincial supplements for the elderly, but it also matters for the Guaranteed Income Supplement/Spouse's Allowance and veterans' benefits.

- *Reductions in upper-level programs imply increases in lower-level programs unless policy is changed.* There is an automatic spill-over effect wherever there is a hierarchical interaction. This may imply increased and unpredictable expenditures. For example, in Saskatchewan and Prince Edward Island, family allowance reductions implied an increased payment from the province for each family on social assistance equal to the decrease in family allowance.



Note: The line between programs A and B indicates that, given the rules governing A and B, neither program adjusts its benefits to take account of payments from the other. The benefits are therefore cumulative for the recipient.

FIGURE 2 Summing effects of major income security programs

Summing

Figure 2 shows the pairs of income security programs in which there is mutual summing. The number of cases affected by these summing relations was roughly estimated earlier in Table 1. Family allowance is the primary focus of

these summing interactions, just as social assistance is the primary focus of hierarchical interactions. Workers' compensation also reveals substantial mutual summing with other programs. The following are critical problems arising from the summing interactions presented in Figure 2:

- *Some recipients may be overcompensated.* Persons receiving disability benefits from workers' compensation and the Canada/Quebec Pension Plan, for example, may be relatively overcompensated, with benefits sometimes being greater than previous net earnings from employment.* The problem of overcompensation is of particular importance for workers' compensation, Guaranteed Income Supplement/Spouses' Allowance, Canada/Quebec Pension Plans, and the provincial supplements for the elderly.
- *The rate at which benefits are reduced as other income increases may combine to produce punitive stacking of tax back rates and poverty traps.* For example, the combined tax back rates for provincial supplements for the elderly plus the Guaranteed Income Supplement are 100%, except in Alberta. This problem is magnified when subsidized services and the tax system are combined with the income security programs discussed here. Differences in accounting and payment periods may further exacerbate the stacking of tax rates.
- *Reductions in one program may not be compensated for in other programs, leading to decreased monthly income.* For example, in provinces where family allowance and social assistance mutually sum, a decreased family allowance implies lower monthly incomes for social assistance recipients unless social assistance rates are revised.
- *Programs may be complicated and distorted to fit other programs.* For example, social assistance rate cannot be determined simply according to family size, since not all will be receiving family allowance. This implies that either special rates are maintained for children or some cases are overcompensated to others.

Whether they are ignored or offset, simultaneous benefits will always contribute to confusion in the system. While such combined benefits are not as frequent as has sometimes been thought, they cause significant difficulties because their effects are concentrated on only a few programs in the system. Concern for fairness and equality of treatment means that even the exceptional case may require major adjustments in an entire program; and much management time and effort is spent dealing with such exceptional cases.

Spillovers

In addition to the people who receive benefits from two programs at once, many people receive benefits from two programs in succession. If applicants move between programs, changes in one program may cause compensating changes in the caseload of another. While benefits from two programs may be

* In the Quebec Pension Plan benefits are limited to a maximum of 100% of former net income when combined with workers' compensation. British Columbia's Workers' Compensation reduces benefits to take account of Canada Pension Plan dependent pensions. These are partial-hierarchy interactions. In all other provinces benefits are simply summed.

mutually independent under current rules, a spillover may occur through changes in the rules themselves. We have called these interactions spillovers because they involve compensating increases or decreases in one program resulting from a decrease or increase in another program.

Information on the size of spillover effects is largely unavailable, but they are clearly significant and create serious problems:

Decreases in one program may cause increased costs under another program. This is most important when the programs are the responsibility of different levels of government, so that, say, a decrease in federal expenditures under a given program may result in increased provincial cost under another. Conversely, increases in one program may allow 'windfall' gains by another level of government.

The rules of operation for programs at the bottom of the spillover must be changed too often. The need to change rules continually is best exemplified in the response of social assistance programs to the Family Allowance decreases and the Guaranteed Income Supplement increases.

The administrative apparatus may be inadequate to cope with sudden unplanned fluctuations in clientele. Some evidence suggests that social assistance has only now fully adjusted to the decreased administrative requirements caused by the unemployment insurance expansion in 1972; and now unemployment insurance is being reduced in scope.

Figure 3 shows that spillover effects are focused on social assistance. Because the federal government dominates income security expenditures, a small reduction in federal programs may lead to greatly increased costs and enrolment for provincial social assistance. Spillover effects greatly add to the administrative problems facing social assistance. When recipients receive their income from two or more programs and are shuffled between programs under constantly changing rules there is little wonder that the system is confusing.

Categorical, information, and delivery systems

To cope with spillovers and other consequences of simultaneous benefits some programs have imposed blanket categorical restrictions on eligibility. Unemployment insurance, for example, disqualifies everyone over 65. This places a categorical restriction between unemployment insurance and all the programs for the elderly. Similarly, persons receiving workers' compensation and the Canada/Quebec Pension Plan are categorically restricted from unemployment insurance. In some provinces categorical restrictions are now being enforced in social assistance—mainly to insulate social assistance from the spillover effects of unemployment insurance reductions.

But categorical limitations bring new problems of their own. Applicants may find themselves denied access to programs when other persons in similar circumstances receive benefits. Some applicants with real needs may find themselves ineligible for any assistance at all. Such problems arise when categorical restrictions are unplanned and imposed unilaterally by one program upon another.

Another method of simplifying program administration is to integrate delivery systems. Programs for the elderly, including provincial supplements, have the most fully integrated delivery systems. In some provinces the entire

be paid by the province. Despite the obvious gains in administrative efficiency, there are problems associated with these arrangements:

Changes in the amount of provincial supplements are difficult to explain to the public. The Guaranteed Income Supplement benefit often varies during the year to include small retroactive payments or other adjustments. This implies a change in the benefit paid by the province, which may not be related to the income of the recipient in that month. Alberta and Saskatchewan have attempted to limit this problem by restricting the decrease in provincial benefits regardless of changes to the Guaranteed Income Supplement paid in that month.

A program using another program's delivery system may be subject to unilateral design changes and is dependent upon continuing co-operation between programs. For example, a change in income definition or the definition of families in the Guaranteed Income Supplement will result in variation in the provincial supplement program. Since both the Guaranteed Income Supplement and the Family Allowance delivery systems have remained stable, this problem has not yet occurred. But it would become more important if social assistance and unemployment insurance were considered for shared delivery systems.

There may be great administrative advantages to using information from another program, but this information may be inadequate or only partially adequate. For example, the Guaranteed Income Supplement does not adjust benefits to compensate for income received from non-taxable transfer programs, principally veterans' benefits and workers' compensation. For provinces to include this income in determining supplement benefits requires additional administrative resources; but not to do so implies inequity between recipients. In British Columbia payments from veterans' benefits and workers' compensation are taken into consideration in the supplement paid to the elderly; in other provinces the information from the Guaranteed Income Supplement is used with no further adjustments.

It may be difficult for the public to identify the level of government responsible for the program. This is a problem particularly associated with provincial tax credits. Since the income taxes of provinces other than Quebec are collected by Ottawa, large provincial tax credit expenditures are subsumed within the general income tax. This was one of the obstacles to agreement on the Victoria Charter.

A jurisdiction paying a cheque is responsible to its public and its recipients for that cheque, but when the payment is based on another jurisdiction's delivery system all those responsibilities may be difficult to fulfil. Again, such problems arise because of inadequate planning for the system as a whole. Where shared delivery systems have been tried, discussion and negotiation to optimize delivery for both programs has been limited. The attitude of the senior system has usually been "take it or leave it."

Accounting and payment period interactions

Delayed cash flows and lump-sum payments occur when programs have different frequencies of payment. Since most income security programs are

designed to provide income to persons in need, they attempt to maximize responsiveness and pay benefits at the time of need. In practice this means that most programs pay benefits each month. However, where a program is delivering a small addition to income, rather than an amount meant to support basic needs, it is not as critical that the program be responsive and make frequent payments. The Refundable Child Tax Credit is an example of this type. Some programs have fairly complex entitlement procedures that often result in lengthy delays before payments are made, and these often come in one retroactive lump sum. In either case benefits may have been paid in the mean time through another program. Several problems may arise:

- *Increased costs may be entailed for the program providing interim benefits.* For example, social assistance may pay benefits to an applicant while a decision on degree of disability is being made for purposes of workers' compensation or the Canada/Quebec Pension Plan. In some provinces retroactive benefits are then assigned to the province in recompense. This demands additional administrative resources and is confusing to the recipient.
- *Recipients may be overcompensated by receiving benefits twice for the same period:* once while waiting for benefits and again retroactively to cover the same period. Social assistance rates, for example, are adjusted to ensure adequate income in a month if a recipient is waiting for benefits from another program, but these rates may be adjusted to take account of possible future income when retroactive benefits are paid.
- *There may be increased cash-flow fluctuations for recipients, resulting in widely varying levels of income from month to month.* This makes budgeting and planning much more difficult and causes confusion on standards of adequacy. In view of the Refundable Child Tax Credit, continuing to set social assistance levels on a monthly basis will mean higher than intended standards of adequacy on an annual basis, while setting those levels on an annual basis may result in hardship in any given month.

These problems greatly add to the confusion and difficulty of planning in the income security system. And yet of all the problems discussed they may be the easiest, if not to resolve completely, at least to alleviate through administrative co-operation. The fact that such co-operation has not yet occurred reflects a lack of responsibility for the system as a whole. As long as an individual program can function adequately from its own point of view, its administrators regard any resulting difficulties for other programs and for recipients as someone else's problem.

Definitional problems

The final interaction to be discussed arises when two programs test similar characteristics as conditions of eligibility. No income security program offers benefits to anyone who requests them; all require some conditions to be met before transfers may be paid. In the simplest case, Family Allowance, the conditions for eligibility are age, family structure, and current residence. Other programs such as social assistance impose a large number of conditions. Table 2 summarizes some general characteristics applicants may be tested for in

various programs. It does not present a complete list of conditions for the various programs, but it suggests broadly how the programs differ. Target groups may overlap a number of programs. A disabled person, for example, may receive benefits from any one or a combination of social assistance, workers' compensation, veterans' benefits, and the Canada/Quebec Pension Plan. In addition, under some circumstances a disabled person may collect benefits from unemployment insurance. It is possible for an applicant to be judged to have a particular characteristic according to one program but to lack the same characteristic according to another. The components of income and the period over which it is assessed may differ between programs as well. A number of problems may therefore ensue:

TABLE 2 Some characteristics tested under various major income security programs

Program	Disability	Employment availability	Income	Family structure	Age 65+ 18-	Employment history
Social assistance	X	X	X	X		
Workers' compensation	X					X
Prov. elderly suppl.			X	X	X	
Family Allowance				X	X	
Child Tax Credit			X	X	X	
Unemployment insurance		X			X	X
Veterans' Benefits	X	X	X	X		
CPP/QPP	X				X	X
OAS					X	
GIS/SPA			X	X	X*	

Note: An X in the box indicates that a given characteristic is generally tested as part of the eligibility requirements for a program.

*In case of Spouses Allowance, the eligible age group is actually 60-64.

Onerous and costly tests may be duplicated. Applicants may be required to undergo tests for degree of disability under both workers' compensation and the Canada/Quebec Pension Plan. Social assistance recipients eligible for the Refundable Child Tax Credit must be tested for income under both programs.

Programs may have differing definitions of characteristics such as income or family, leading to a divergence in treatment of an applicant and possibly unfairness. An unmarried couple, for instance, may be treated as a family unit under social assistance but not under the Child Tax Credit.

Programs with different definitions of the same characteristics are difficult to integrate or even co-ordinate. Income tests for the Child Tax Credit cannot be used in social assistance because the definitions of income do not agree.

Duplication leads to added costs and confusion, and differing definitions may lead to contradictory judgments by differing branches of government. Any attempt to co-ordinate programs will require greater similarity in central definitions. Of all the income-related programs in Canada only two, the Guaranteed Income Supplement and provincial supplements for the elderly (other than in British Columbia), have identical definitions. Moreover, even the same definition will be no solution if it is inadequate.

Observations on system interactions

The numerous interactions between income transfer programs in Canada create confusion, planning and co-ordination problems, and administrative inefficiency. They also result in unintended program effects and financial spillovers between programs and jurisdictions.

The effects on social assistance and their significance to the families and individuals most in need should be emphasized. Social assistance, the residual program, must serve as the final resort for all in need who are not served by other programs. As such, it is particularly vulnerable to changes in other programs and is most likely to be harmed by them. Distortions to social assistance merit serious attention. Although residual, social assistance is a crucial part of the system; almost 6% of the Canadian population is entirely dependent on social assistance programs in any month, and over a year a much larger proportion of the population requires assistance for short periods.

Recent revisions to such federal programs as Unemployment Insurance, the Family Allowance, the Guaranteed Income Supplement and the Refundable Child Tax Credit, are by no means isolated examples of changes causing problems in the administration of social assistance. Further changes to unemployment insurance, to pensions to cope with the 'demographic bulge,' and to Canada/Quebec Pension Plan financing, as well as the introduction of additional tax transfer schemes are already being debated. Each of these, and many other possibilities, will force adjustment in the whole system, with social assistance being the most seriously affected program.

This is not to say that provincial governments should discourage change, but rather that future reforms should be undertaken with a sensitivity to their consequences within the whole system. The alternative may be a marked disintegration of social assistance programs, at worst leaving some persons in unconscionable poverty and at best resulting in further strains to federal-provincial relations.

Changes to the income security system in Canada to alleviate the worst of the institutional problems as noted in this report will not be simple. Thus far, a unified federal and provincial strategy has been thwarted by the constraints of a number of unresolved institutional questions:

- There is no agreement on what level of government should co-ordinate and integrate social security programs.

- Responsibility for programs has been negotiated between levels of government for each contingency, so that the ability to integrate programs is limited.
- The assumption by provinces of responsibility for persons not covered by the large federal programs has heightened the vulnerability of provinces to federal program changes.
- Responsibility for and eligibility for unemployed employables have never been resolved.
- The extreme political sensitivity of the programs has made consultation and co-operation difficult.
- The social security system not only must deal with income security and poverty but also has become an instrument of economic policy with profound regional effects.

In light of these constraints it is not surprising that efforts to resolve specific problems and to develop a more equitable and effective system have had limited success. The additional pressure placed on the system during this period of general constraint of government expenditures heightens these problems.

The problems identified as confusion, uncertainty, leverage, and administrative efficiency can be tackled and improvements achieved without the necessity for overall redesign of the major income security programs. Solutions to the problems outlined in this report can be found in a number of directions, through the development of new administrative and delivery arrangements, through changing program structure and the interaction of program design, revision to the procedure for federal and provincial decision making in programs that affect other levels of government and in the last analysis through constitutional change. There is no single easily identified method of disentangling the system of income transfer programs in Canada. The solutions to the problems identified may require simultaneous action in a number of areas.

In the long run improvements in the system of income security can only be achieved through the establishment of a process of review and reform. It is hoped that this report will contribute to better understanding of the system of income security in Canada and thereby further the process of resolving the problems outlined in this report.

Appendix A

**Trends in Federal-Provincial
Social Security Expenditure**

TABLE A All Governments total expenditure, calendar years 1926-1977
National accounts basis^a (\$ Million)

Year	All Governments	Federal (Excludes transfers)	Provincial (Includes transfers)	Local	Federal transfers to other Govt's
1977	79368	33642	45726		9961
1976	70762	29904	40858		9244
1975	61895	27255	34640		7624
1974	50473	22122	28351		6737
1973	40755	17174	23581		5320
1972	35754	15160	20594		4621
1971	31491	12698	18793		4361
1970	27988	11498	16490		3755
1969	24165	10312	13853		2807
1968	21459	9382	12077		2524
1967	18843	8544	10299		2145
1966	17713	7983	5042	4688	1738
1965	16161	6946	4618	4539	1570
1964	14718	6639	4016	4063	1355
1963	13718	6338	3597	3783	1167
1962	13066	6290	3302	3474	1168
1961	12104	6001	2995	3108	1183
1960	11219	5669	2706	2845	1008
1959	10413	5490	2386	2537	930
1958	9745	5428	2033	2284	745
1957	8653	4818	1814	2021	549
1956	7989	4549	1651	1671	520
1955	7280	4311	1413	1782	450
1954	6850	4198	1275	1548	446
1953	6613	4172	1167	1274	420
1952	6318	4005	1156	1157	412
1951	4984	2830	1139	1015	259
1950	3982	2079	1005	898	275
1949	3724	1987	928	809	220
1948	3292	1767	810	715	N/A
1947	3116	1864	665	587	N/A
1946	3692	2676	524	492	N/A
1945	4976	4115	441	420	N/A
1944	5927	5139	390	398	N/A
1943	4969	4220	361	370	N/A
1942	4299	3574	346	361	N/A
1941	2194	1474	363	357	N/A
1940	1649	930	359	360	N/A
1939	1170	385	418	367	N/A
1938	1220	419	440	361	N/A
1937	1139	352	432	355	N/A
1936	1059	351	357	351	N/A
1935	1066	362	356	348	N/A
1934	1007	321	343	351	N/A
1933	934	309	275	350	N/A
1932	1028	309	285	434	N/A
1931	1100	338	288	474	N/A
1930	1084	348	267	469	N/A
1929	973	329	225	419	N/A
1928	883	312	195	376	N/A
1927	845	306	170	369	N/A
1926	795	292	157	346	N/A

Sources:

1967-1977, CANSIM MATRIX 1005, SERIES 40135 through 40138 and series 40142 through 40148.

1926-1967, Bird, Richard M., *The Growth of Government Spending in Canada*, Canadian Tax Foundation 1970, Appendix C, Table 1, Table 35.

Notes:

- ^a Intergovernmental transfers are recorded at the level of the recipient government in the case of both conditional and unconditional grants (after Bird).

TABLE B All Governments expenditure on Social Welfare^a and other human services total and per capita expenditure-selected fiscal years 1933-1976
Financial statistics basis (\$ millions)

Year	Total expenditure	HEALTH			EDUCATION			SOCIAL WELFARE		
		\$	Per capita	%	\$	Per capita	%	\$	Per capita	%
1976/7	80890	10182	443	12.6	12601	548	15.6	18373	799	22.7
1975	71053	8961	394	12.6	10654	470	15.0	16156	712	22.7
1974	59298	7357	328	12.4	8792	392	14.8	13299	595	22.4
1973	47013	6069	275	12.9	7307	331	15.5	10540	477	22.4
1972	41009	5478	251	13.4	6953	319	17	8749	397	21.3
1971	36327	4886	227	13.5	6538	303	18	6968	323	19.2
1970	31483	4262	200	13.5	5994	281	19	5808	273	18.4
1969	27995	3474	165	12.4	5537	264	20	4893	233	17.5
1968	24802	2713	131	10.9	4825	233	19.5	4463	216	18
1967	22123	2325	114	10.5	4237	208	19.1	3944	194	17.9
1966	19318	1995	100	10.3	3294	165	17.1	3330	166	17.2
1965	16230	1624	85	10	2860	130	17.6	2775	155	17.1
1964	14458	1435	74.74	9.9	2450	127	17	2542	132	17.6
1963	13474	1239	65.56	9.2	2183	115	16.2	2358	124	17.5
1962	12668	1153	62	9.1	2141	115	17	2342	126	18.5
1961	11794	1032	56	8.8	1821	100	15.4	2077	114	17.6
1960	10772	841	47	7.8	1577	88	14.6	1925	108	17.9
1959	9974	731	42	7.3	1329	76	13.3	1799	103	18.0
1958	9161	536	31	5.8	1108	65	12.1	1722	101	18.8
1957	8534	444	26	5.2	1043	62	12.2	1535	92	18
1956	7808	393	24	5.0	841	52	10.8	1344	84	17.2
1955	7025	368	23	5.2	746	47	10.6	1265	81	18
1954	6678	353	23	5.3	680	44	10.2	1203	79	18
1953	6474	310	20	5.3	632	42	9.8	1144	77	17.7
1952	6278	290	19	4.8	571	39	9.1	1103	76	17.6
1951	5357	257	18	4.6	498	35	9.3	871	62	16.3
1950	4139	232	16	4.8	442	32	10.7	848	61	20.5
1949	3782	209	15	5.6	392	29	10.4	825	61	21.8
1948	3339	154	12	5.5	342	26	10.2	776	60	23.2
1947	3097	113	9	4.6	273	21	8.8	801	64	25.9
1946	3357	84	6	3.6	225	18	6.7	1018	83	30.3
1945	5766	68	5	2.5	186	15	3.2	713	59	12.4
1943	5573	52	4	1.2	151	12	2.7	190	16	3.4
1941	2377	47	4	.9	138	12	5.8	160	13	6.7
1939	1278	47	4	1.9	129	11	10.1	216	19	17
1937	1155	42	3	3.6	117	10	10.1	147	13	12.7
1933	951	35	3	3.6	107	10	11.2	184	17	19.3

Sources:

1933-1965, Bird, Richard M., *The Growth in Government Spending in Canada*, Canadian Tax Foundation 1970, Appendix C, Table 8.

1966-1976, Statistics Canada 68-202 (1975).

Provincial & Dominion Populations, Statistics Canada 91-201, October 1978, Table 3.

Notes:

^a Includes Universal pension plans, Old age security, Veterans benefits, Unemployment insurance, Family allowance, Workers compensation, Assistance to the handicapped and needy, and Tax credits and rebates.

TABLE C All Governments Proportion of Expenditure on Social Welfare for Fiscal Years 1966/7-1976/7
Financial Statistics Basis

Year	Gross Federal (Includes Transfers) ^a	Gross Provincial & Local		Total (Excludes Double Counting)
		(Excludes Transfers) ^a	(Includes Transfers) ^b	
1976	34%	12%	12%	23%
1975	34%	11%	12%	23%
1974	33%	11%	11%	22%
1973	33%	10%	11%	22%
1972	33%	10%	10%	21%
1971	30%	10%	9%	19%
1970	29%	9%	9%	18%
1969	29%	8%	8%	18%
1968	27%	8%	9%	18%
1967	27%	7%	8%	18%
1966	26%	8%	8%	17%

Sources:

Gross Provincial: Statistics Canada 68-202, Table 10.

Gross Federal: Statistics Canada 68-211 (various tables over several years).

Notes:

^a Considers as federal expenditure, all federal transfers to the provinces.

^b Considers as provincial expenditure, all federal transfers to the provinces.

TABLE D Federal, Provincial & Local Governments' expenditure on social welfare for selected fiscal years 1933-1976/77
Financial statistics basis^a (\$ million)

Year	Federal (Includes transfers)	Provincial (Excludes transfers)	Local	Transfers to Prov. Govt's
1976/77	14035		4338	1603
1975	12533		3623	1380
1974	10381		2918	1059
1973	8376		2164	829
1972	7140		1526	775
1971	5680		1288	735
1970	4706		1102	619
1969	3911		902	482
1968	3622		841	434
1967	3284		660	424
1966	2669		661	215
1965	2263	456	56	215
1964	2139	353	50	182
1963	2002	310	46	172
1962	1903	292	47	160
1961	1760	275	42	144
1960	1624	257	44	103
1959	1555	206	38	91
1958	1494	191	34	74
1957	1335	168	32	48
1956	1157	143	34	38
1955	1098	134	33	30
1954	1050	124	29	24
1953	1014	103	27	23
1952	981	95	27	22
1951	754	92	25	85
1950	687	87	74	104
1949	674	80	71	91
1948	656	62	58	N/A
1947	700	54	47	N/A
1946	935	44	39	N/A
1945	656	41	16	N/A
1943	132	33	25	N/A
1941	103	34	23	N/A
1939	113	68	35	N/A
1937	126	82	39	N/A
1933	96	46	42	N/A

Sources:

1933-1965, Bird, Richard M., *The Growth of Government Spending in Canada*, Canadian Tax Foundation 1970, Appendix C, Tables 9, 10, 11, 36.

1966-1976, Statistics Canada 68-202, Tables 6 and Table 10.

Conditional grants from federal to provincial [& local] governments-1966/67 to 1976/77 Statistics Canada, *Social Security National Programs*, Chapter 1, Section G, Table 3. (though these figures consider payments to Quebec under Established Programs (Interim Arrangements) Act as constitutional to social welfare).

Notes:

^a Considers conditional grants as expenditure by donor government.

Appendix B

Milestones in historical development of income security

19 Century

Local/church responsibility; provinces establish charitable institutions

1915

Ontario adopts Workers' Compensation (other provinces follow by 1931)

1916

Manitoba legislates Mothers' Allowance (other provinces follow by 1950)

1927

Federal Old Age Pensions Act: cost-sharing with provinces *1920, 1927, 1930*

Federal Veterans' Benefits

1937

Federal Unemployment and Social Insurance Act declared *ultra vires*

1940/41

Constitutional Amendment: U.I. exclusive federal responsibility Federal Unemployment Insurance Act

1944/45

Federal Family Allowance introduced

1951/2

Constitutional Amendment: concurrent authority (provincial primacy) over pensions

Federal Old Age Security Act

Old Age Assistance Act extended to cover ages 65-70

1951

Federal Blind Persons' Act: cost-sharing with provinces

1954

Federal Disabled Persons' Act: cost-sharing with provinces

1956

Federal Unemployment Assistance Act: cost-sharing of provincial income security for unemployed

late 1950s

Provinces adjust cost-sharing formulae with municipalities

1961

Quebec introduces schooling allowance for children aged 16, 17

1964

Federal government introduces schooling allowance for children 16, 17
Constitutional Amendment: concurrent authority (provincial primacy) over Supplementary (pension) benefits Canada Pension Plan introduced

1966

Canada Assistance Plan

1966

Canada/Quebec Pension Plans implemented

1966

Guaranteed Income Supplement introduced

1967

Guaranteed Income Supplement implemented

- 1971*
Victoria Charter rejected by Quebec
- 1971*
Unemployment Insurance extensively revised
- 1972*
British Columbia introduces first provincial supplement for elderly
(five other provinces follow)
- 1973-76*
Social Security Review: changes to Family Allowance, Canada/Quebec
Pension Plans, OAS/GIS; provincial rejection of income support/sup-
plementation proposal
- 1973-1974*
Family Allowances increased substantially
- 1974*
Saskatchewan introduces the Family Income Plan
- 1975*
Spouse's Allowance introduced
- 1978-79*
Restrict U.I., and introduce a Refundable Child Tax Credit
- 1979*
Quebec announces provincial income supplementation program

Appendix C

1977-78 Income Security System Data

Note:

- 1. Some of the data in the following pages are estimates. Where this occurs in the body of a table, a notation to that effect is made. Totals derived from these estimates will, in turn, be estimates. However, to keep the presentation as straight forward as possible, the totals are provided without notation.
- 2. Totals in columns in which N/A appears exclude the not available figures.
- 3. In some tables, columns may not add to totals due to rounding.

TABLE A1 Benefit expenditure by program by province (Income security program 1977-8)

Jurisdiction	DEMOGRANTS			SOCIAL INSURANCE	
	Family Allowance (\$ million)	Old Age Security (\$ million)	Canada/Quebec Pension Plans (\$ millions)	Workers Compensation (\$ millions)	Unemployment Insurance (\$ million)
1. B.C.	215	436	155	97	454
2. ALTA.	184	250	88	73	117
3. SASK.	89	188	55	42	74
4. MAN.	94	196	67	19	103
5. ONT.	739	1,343	566	346	1,018
6. QUE.	567	895	356	258	1,497
7. N.B.	69	112	38	16	223
8. N.S.	79	148	59	26	195
9. P.E.I.	12	24	6	2	39
10. NFLD.	65	69	21	12	218
11. N.W.T.	6	2	0.3	N/A	4
12. YUKON	2	1	0.6	N/A	6
13. TOTAL	2,121	3,664	1,410.5 ^b	891	3,974 ^a
14. % of Grand Total	12.7%	22.0%	8.4%	5.3%	23.8%

^aIncludes \$25 million, 4.2 not attributed by province.^bFigures reported with Ontario/B.C./Alberta figures.^cIncludes \$29 million not attributed by province.

SOCIAL ASSISTANCE			OTHER		TOTAL		
elderly payments (\$ millions)	Basic Provincial and Municipal Social Assistance (\$ million)	Veterans Benefits (\$ million)	Tax Credits	Other Provincial Benefits	Monies (million)	As % of Grand Total	
165	264	94	20	—	1,900	11.4%	1.
118	139	42	21	—	1,032	6.2%	2.
67	58	25	—	12	610	3.7%	3.
67	57	41	27	—	671	4.0%	4.
446	533	201	434	—	5,626	33.7%	5.
352	736	72	—	145	4,878	29.2%	6.
61	87	51	—	—	657	3.9%	7.
54	55	35	—	—	651	3.9%	8.
12	9	9	—	.2	113.2	0.7%	9.
40	52	20	—	—	497	3.0%	10.
3	4	— ^b	—	—	19.3	0.1	11.
.5	.7	— ^b	—	—	10.8	0.1	12.
385.5	1,994.4	619 ^c	502	157.2	16,718.6 ^{ac}	—	13.
3.3%	12.0%	3.82%	3.0%	.09%	—	100.0%	14.

TABLE A2 Source of financing by program (Income security program 1977-8)

Program	Total Revenue ^b (\$million)	SOURCES OF FINANCING				
		Government		Employer/Employee	Interest	Other
		Federal	Provincial/Municipal			
Family Allowance	2,134	2,134				
Old Age Security	3,684	3,684				
Canada Quebec pension Plan	3,320			2,400	894 ^c	26
Canadian Pension Commission	414	414				
Unemployment Insurance	4,340	1,800		2,540		
Workers' Compensation	1,573			1,360	213	
Provincial Social Assistance	2,140	1,041	1,099			
War Veterans Allowance	232	232				
GIS/SPA/Prov. Supplement	1,389	1,193	196			
Tax Credits	508		508			
Other Provincial Programs ^a	164	5.5	158.5			
Total	19,898	10,503.5	1,961.5	6,300	1,107	26

^aincludes Saskatchewan FIP, Quebec and Prince Edward Island Family Allowance^bincludes revenue earmarked for these programs and contributions, and expenditures out of General Revenue for these programs^cexcludes interest income of the Quebec Pension Plan

TABLE A3 Administration by program (Income security program 1977-8)

Program	Benefit Expenditure (\$ million)	Administrative Expenditure (\$ million)	Administration Costs as % of Benefits	Man-Years of Administration
Family Allowance	2,121	12.1	.6%	736
Old Age Security/GIS/SPA ^a	4,856.2	19.9	.4%	1,200
Canada/Quebec Pension Plan	1,410.5	36.6	2.6%	1,030
Canadian Pension Commission	403	10.5	2.6%	401
Unemployment Insurance	3,974	174	4.4%	9,770
Workers' Compensation ^b	891	110	12.3%	5,951
Provincial Social Assistance	1,994.4	146	7.3%	9,400
War Veterans Allowance	216	17.1	7.9%	933
Provincial Elderly Supplement	193.3	3.4	1.8%	126
Tax Credits	502	6	1.2%	29
Other Provincial ^c	157.2	7.3	4.6%	139
TOTAL	16,718.6	542.9		29,715
AVERAGE			3.3%	

^a OAS/GIS/SPA administrative data could not be differentiated^b per thousand claims^c includes Quebec and P.E.I. Family Allowance and Saskatchewan FIP

TABLE A4 Beneficiary statistics by program (Income security program 1977-8)

Program	Average Monthly Number of Beneficiaries (000's)	Average Monthly New Cases (000's)	% Monthly "Turnover"	Average Benefit \$	Benefit Per Claim (Where Applicable)
Family Allowance	7185	49	0.7%	\$ 24.60/mo. ^b	
Old Age Security	2051	15	0.7%	149.00/mo.	
Canada/Quebec Pension Plans	1266	18 ^a	1.4%	93.00/mo.	
Canadian Pension Commission	137	1.2	0.9%	245.00/mo.	
Unemployment Insurance	733	195	26.6%	104.00/wk.	\$1740
Workers' Compensation	222	87	39.2%	176.00/mo. ^c	600
Provincial Social Assistance	636 (families)	37	5.8%	262.00/mo. ^c	
War Veterans Allowance	95	1.1	1.2%	190.00/mo.	
GIS/SPA/Provincial Elderly Supplements	1190	N/A	N/A	GIS-\$80; SPA-\$134; PES-\$32/mo.	
Tax Credits	3666/yr.	N/A	N/A	137.00/yr.	
Other Provincial Programs ^d	1912/mo.	7.2	0.4%	7.00/mo.	

^aexcludes death benefits of CPP^bfederal family allowance only; figure is for each child^cper family unit, i.e. \$129 per member of a family^dincludes Quebec and P.E.I. Family Allowance; Sask. F.I.P.^epensions only

TABLE A5 Estimated average monthly number by target group, by program (Income security program 1977-8)

Program	Target Group			Disability (000's)	Deficient Income: Unemployed Employables (000's)
	Young (000's)	Elderly (000's)	Absence of Spouse (000's)		
DEMOGRANTS					
Family Allowance	7185	205			
OAS					
SOCIAL INSURANCE					
CPP/QPP		860	318	88	
Workers' Compensation			27	108 (+ 90 claims)	
Unemployment Insurance		2		57	674
SOCIAL ASSISTANCE					
Elderly Supplements		1200			
Provincial/Municipal Assistance		51	223	229	133
OTHER					
Veterans		71	27	134	3666
Tax Credits					800 ^a
ESTIMATED TOTAL, EXCLUDING OVERLAPS	7186	2100	550	430	
				GRAND TOTAL, EXCLUDING FAMILY ALLOWANCE	3880 ^a

^aexcludes Tax Credits

TABLE A6 Average monthly caseload or average monthly number of claims by province
(Income security program 1977-8)

Jurisdiction	DEMOGRANTS		SOCIAL INSURANCE		
	Family Allowance (000 children)	Old Age Security (000 persons)	Canada/Quebec Pension Plans (000 persons)	Workers' Compensation (000 claims)	Unemployment Insurance (000 persons)
1. B.C.	731	244	139	11	83
2. ALTA.	620	140	84	9.4	20
3. SASK.	305	105	57	3	13
4. MAN.	320	109	64	2.9	19
5. ONT.	2,516	752	491	35	187
6. QUE.	1,900	501	311	20	277
7. N.B.	234	63	37	1.7	43
8. N.S.	269	83	55	2.4	37
9. P.E.I.	40	14	7	0.3	8
10. NFLD.	222	38	21	1.1	42
11. N.W.T.	20	1	—	N/A	0
12. YUKON	8	0.6	—	N/A	1
13. TOTAL	7,185	2,051	1,266	86.8 (135,000 pensions)	73

(e) . . . estimate

^aincludes some persons whose residence not attributed to a province

^bwill double count recipients of WVA/CWA and a Pension

^cchildrens benefits: Quebec Family Allowance, P.E.I. Family Allowance, Saskatchewan Family Income Plan

^dincludes only refundable tax credits not earmarked for consumption of a specific commodity such as housing

SOCIAL ASSISTANCE			OTHER		
Elderly Benefits (persons)	Basic Provincial and Municipal Assistance (000 persons)	Veterans Benefits (000 persons)	Tax Credits ^d (000 cases)	Other Provincial ^c (000 families)	
132	139	36	251	—	1.
84	82	16	215	—	2.
61	34	9	—	11	3.
66	48(e)	14	250+(e)	—	4.
361	354	80	2,950	—	5.
337	457	27	—	952	6.
59	66	17	—	—	7.
45	50	12	—	—	8.
11	7	3	—	1.2	9.
34	50	7	—	—	10.
0.1	4	N/A	—	—	11.
0.4	0.9	N/A	—	—	12.
190.5	1,292	221 ^b	3,666+	964.2	13.

TABLE A7 By Province (Senior citizens' programs 1977-78)

Jurisdiction	OAS					
	Total Expenditure (\$000)	Average Number of Recipients ^b (000)	Total Expenditure as % of Personal Income	Annual Expenditure (\$000)	Number of Recipients (000)	Av Mo Be
1. B.C.	601,067	252	3.0	436,415	244	1
2. ALTA.	367,653	145	2.5	250,047	140	1
3. SASK.	255,639	109	3.8	187,733	105	1
4. MAN.	263,318	113	3.7	195,544	109	1
5. ONT.	1,790,856	770	2.6	1,342,913	752	1
6. QUE.	1,246,535	523	2.9	895,090	501	1
7. N.B.	159,651	87	4.2	112,362	63	1
8. N.S.	215,649	66	4.5	147,791	83	1
9. P.E.I.	35,670	15	6.0	24,351	14	1
10. NFLD.	107,894	41	3.8	68,553	38	1
11. N.W.T.	4,778	1	—	2,013	1	1
12. YUKON	1,506	0.6	—	1,086	0.6	1
13. TOTAL	5,049,216 ^a	2,123	—	3,663,898	2050.6	1
14. AVERAGE	420,851		2.9			1

^a Includes \$194 million spent on provincial supplements.^b OAS and SPA recipients.

	GIS			SPA		
Annual Expenditure (\$)	Number of Recipients (000)	Average Monthly Benefit (\$)	Annual Expenditure (\$000)	Number of Recipients (000)	Average Monthly Benefit (\$)	
1933	124	78.60	12,537	8	130.59	1.
1934	79	79.25	8,349	5	139.15	
1938	57	80.58	6,488	4	135.16	3.
1939	62	79.16	6,611	4	137.73	4.
1942	343	76.61	24,271	18	112.37	5.
1944	315	83.13	37,201	22	140.91	6.
1947	55	82.54	5,585	3	155.14	7.
1947	42	82.75	6,888	4	143.50	8.
1948	10	83.98	1,241	0.7	147.74	9.
1947	31	89.56	6,024	3	167.33	10.
1936	0.9	95.92	129	0.05	215.00	11.
1988	0.4	80.83	32	0.01	266.67	12.
1948	1,119.3		115,356	71.8		13.
		80.32			133.51	14.

TABLE A8 Recipient of GIS (Senior citizens' programs 1977-8)

Jurisdiction	OAS Recipients	GIS Recipients	GIS Recipients as % of OAS Recipients
B.C.	244	124	51%
ALTA.	140	79	56%
SASK.	105	57	54%
MAN.	109	62	57%
ONT.	752	343	46%
QUE.	501	315	63%
N.B.	63	42	67%
N.S.	83	55	68%
P.E.I.	14	10	71%
NFLD.	38	31	82%
N.W.T.	1	0.9	90%
YUKON	0.6	0.4	67%
TOTAL	2,050.6	1,119.3	55%

TABLE A9 Administration and financing (Childrens' benefits 1977-8)

JURISDICTION	BENEFIT EXPENDITURE			EXPENDITURE ON ADMINISTRATION			ADMINISTRATION COSTS AS % OF BENEFITS			MAN-YEARS OF ADMINISTRATION			MAN-YEARS PER 1,000 CHILDREN		
	Fed. F.A. (\$m)	Prov. Prog. (\$m)		Fed. F.A. (\$m)	Prov. Prog. (\$m)		Fed. F.A.	Prov. Prog.		Fed. F.A.	Prov. Prog.		Fed. F.A.	Prov. Prog.	
B.C.	215			1.0			0.4%			72			0.10		
ALTA.	184			.7			0.4%			48			0.08		
SASK.	89	12		.5	1.1		0.6%	9%		28	69.7		0.09	2.9	
MAN.	94			.5			0.5%			38			0.12		
ONT.	739			3.4			0.5%			243			0.10		
QUE.	567	145		2.6	6.1		0.5%	4%		183	90		0.10	.05	
N.B.	69			.4			0.6%			27			0.12		
N.S.	79			.4			0.5%			30			0.11		
P.E.I.	12	.25		.1	nil		0.8%	0%		9	0.03		0.22	—	
NFLD.	65			.3			0.5%			22			0.10		
N.W.T.	5.9			—			—			—			—		
Y.T.	2.3			—			—			—			—		
HQ				2.3						36					
TOTAL	2,121.2	157.25		12.2	7.2					736	160				
AVERAGE							0.5%	5%					0.10	—	
GRAND TOTAL	2,278.45			19.4						896					

TABLE A10 Number of children and families and average benefits (Childrens' benefits^a 1977-78)

Jurisdiction	FEDERAL FAMILY ALLOWANCE					PROVINCIAL CHILDRENS' BENEFITS				
	Children (000's)	Families ^b (000's)	Children Per Family	Monthly Benefits Per Child	Monthly Benefits Per Family	Children (000's)	Families (000's)	Children Per Family	Monthly Benefits Per Child	Monthly Benefits Per Family
B.C.	731	368	1.99	\$24.51	\$48.77	—	—	—	—	—
ALTA.	620	297	2.09	24.73	51.69	—	—	—	—	—
SASK.	304	138	2.20	24.40	53.68	24(e)	11	2.18	\$41.67(e)	\$90.84(e)
MAN.	320	151	2.12	24.48	51.90	—	—	—	—	—
ONT.	2,516	1,268	1.98	24.48	48.47	—	—	—	—	—
QUE.	1,900	955	1.99	24.87	49.49	1,864	952	1.96	6.48	12.70
N.B.	234	108	2.17	24.57	53.32	—	—	—	—	—
N.S.	269	127	2.12	24.47	51.88	—	—	—	—	—
P.E.I.	41	18	2.28	24.39	55.61	2	1.2	1.67	10.00	16.70
NFLD.	222	93	2.39	24.40	58.32	—	—	—	—	—
N.W.T.	20	8	2.5	24.58	61.45	—	—	—	—	—
YUKON	8	4	2	23.96	47.92	—	—	—	—	—
TOTAL	7,185	3,535				1,890	964.2			
AVERAGE			2.03	\$24.61	\$49.96			1.96	— ^c	— ^c

(e) . . . estimated

^aIncludes Refundable Child Tax Credit^bRegular families, excluding Child Placement Agencies, foster children.^cNot appropriate to sum provincial programs as they are founded on different principles.

TABLE A11 Claims and cases 1977 (Workers' compensation)

Jurisdiction	Covered Population (000)	Maximum Insurable Earnings (\$)	Average Monthly Pensions ^a	Monthly Avg. Pensions as % of Covered Population	Average Monthly Claims ^b	Monthly Claims As % of Covered Population
B.C.	850(e)	\$15,000	13,000(e)	1.5%	11,000(e)	1.3%
ALTA.	657	\$15,600	8,358	1.3%	9,389	1.4%
SASK.	310(e)	\$16,000	5,360	1.7%	2,997	1.0%(e)
MAN.	400(e)	\$16,000	4,500	1.1%	2,884(e)	.7%(e)
ONT.	3,500	\$15,000	62,000	1.8%	35,200(e)	1.0%
QUE.	2,116	\$15,500	32,159	1.5%	20,000(e)	.9%
N.B.	150	\$12,000	3,731	2.5%	1,696	1.1%
N.S.	238(e)	\$12,000	5,360	2.3%	2,375	1.0%(e)
P.E.I.	30	\$12,000	240	0.8%	296	1.0%
NFLD.	95(e)	\$12,000	1,800	1.9%	1,096	1.2%
N.W.T.	N/A	\$14,500	N/A	—		
YUKON	N/A	\$13,000	N/A	—		
TOTAL	8,346		136,508(e)		86,933	
AVERAGE		\$14,050				1.0%

(e) . . . estimate

^a includes widows and dependents pensions^b includes temporary compensation and medical claims as well as some new pension cases (10%)

TABLE A12 Workers' compensation 1977

Jurisdiction	Annual Total Expenditure (\$000)	ANNUAL EXPENDITURE ON BENEFITS (\$000)			
		Total	Permanent ^a Pension	Temporary Compensation	Medical
1. B.C.	114,570	97,470	33,150(e)-34%	42,901(e)-44%	21,419-2
2. ALTA.	81,467	72,887	25,112-34%	32,863-45%	14,912-2
3. SASK.	46,098	41,976	13,000(e)-31%	21,000(e)-50%	7,976-1
4. MAN.	21,684	18,806	6,000(e)-32%	10,000(e)-53%	2,806(e)
5. ONT.	383,379	345,838	86,838-25%	203,000-59%	56,000-1
6. QUE.	293,476	258,393	102,648-40%	108,849-42%	46,896-1
7. N.B.	17,403	15,664	5,631-36%	6,299-40%	3,734-2
8. N.S.	28,300	26,416	8,247-31%	14,610-55%	3,559-1
9. P.E.I.	2,099	1,770	693-39%	716-40%	361-2
10. NFLD.	12,858	11,243	4,514-40%	5,037-45%	1,692-1
11. N.W.T.	N/A	N/A	N/A		
12. YUKON	N/A	N/A	N/A		
13. TOTAL		890,463			
14. AVERAGE			32% ^b	51% ^b	

(e) ... estimate

^aincludes death benefits^bexcludes data not available and estimated data

ANNUAL REVENUE (\$000)				Difference Between Revenue & Expenditure	Revenue as % of Personal Income	
Employer	Government	Interest				
394	216,948-87%	—	31,446-13%	133,824	1.2%	1.
131	111,981-86%	—	18,150-14%	48,664	0.9%	2.
324	51,282-83%	—	10,542-17%	15,726	0.9%	3.
752	27,488-89%	—	3,264-11%	9,068	0.4%	4.
000	550,000-86%	—	90,000-14%	256,621	0.9%	5.
517	335,315-87%	—	52,202-13%	94,041	0.9%	6.
199	19,242-95%	—	957- 5%	2,796	0.5%	7.
463	26,454-90%	—	3,009-10%	1,163	0.6%	8.
032	2,872-95%	27-1%	160- 5%	933	0.5%	9.
136	13,901-81%		3,235-23%	4,278	0.6%	10.
						11.
						12.
148	1,355,483		212,965	567,114		13.
	86%	0%	14%			14.

TABLE A13 Administration (Canada and Quebec pension plans 1977-78)

Jurisdiction	Annual Payment (\$000)	Annual Revenue 1977	Annual Payments as % of Personal Income	Administration Costs (\$000)	Administration as % of Annual Payments	Man-Years of Administration and Delivery	Administration Costs Per Man-Year	Man-Year Per 1000 Cases
B.C.	\$ 154,647	—	0.8%	\$ 1,079	0.7%	58	\$ 18,603	0.4
ALTA.	87,782	—	0.6%	598	0.7%	34	17,588	0.4
SASK.	54,719	—	0.8%	449	0.8%	26	17,269	0.5
MAN.	66,500	—	0.9%	405	0.6%	25	16,200	0.4
ONT.	566,036	—	0.8%	4,230	0.7%	245	17,265	0.5
QUE. ^a	355,506	—	0.8%	22,000 ^b	6 % ^c	708 ^{b,c}	31,073	2.3
N.B.	37,954	—	0.8%	407	1 %	22	18,500	0.6
N.S.	59,061	—	1.5%	464	0.8%	24	19,333	0.4
P.E.I.	6,264	—	1 %	74	1 %	4	18,500	0.6
NFLD.	21,002	—	0.7%	205	1 %	11	18,636	0.5
YUKON	672	—	N/A	—	—	—	—	—
N.W.T.	326	—	N/A	—	—	—	—	—
OTHER	—	—	—	6,683	—	328	20,375	—
TOTAL-CPP	\$1,059,069	\$2,707,600	—	14,594	—	777	\$ 18,783	—
TOTAL-QPP	351,400	610,552	—	22,000	—	708	31,073	—
GRAND TOTAL	\$1,410,469	\$3,318,152	—	36,594	—	1,485	\$ 24,642	—
AVERAGE-CPP					1.4%			0.8
AVERAGE-QPP					6 %			2.3
GRAND AVERAGE			0.8%		2.6%			1.2

^aQPP: minor effect of CPP in Quebec, also QPP figure refers to 1977.^b1977 figure^cLarger than equivalent figures for CPP because QPP is administered by an agency separate from the Ministry of Social Affairs while CPP figures are only for the administration of that particular program within the Department of National Health and Welfare.

TABLE A14 Recipients (Canada and Quebec pension plans 1977-78)

Jurisdiction	Number of Contributors ^c	Average Monthly ^d Number of Recipients (000's)	Recipients as % of Contributors	Average Monthly Payment Per Recipient \$
B.C.	1,115,866	139,046	12.5%	\$92
ALTA.	867,317	84,191	9.7%	87
SASK.	361,332	56,537	15.6%	80
MAN.	442,593	63,966	14.5%	87
ONT.	3,911,189	491,139	12.5%	96
QUE. ^a	2,761,703	310,768	11.3%	95
N.B.	261,601	37,169	14.2%	83
N.S.	317,096	55,468	17.5%	89
P.E.I.	43,831	6,997	16.0%	71
NFLD.	180,443	21,122	11.7%	83
YUKON	12,496	—	—	—
N.W.T.	21,322	—	—	—
OTHER	14,931 ^b	—	—	—
TOTAL-CPP	7,561,292	959,296		—
TOTAL-QPP	2,750,428	307,107		—
GRAND TOTAL	10,311,720	1,266,403		—
AVERAGE-CPP			12.7%	92
AVERAGE-QPP			11.2%	95
GRAND AVERAGE			12.3%	93

^a QPP; minor effect of CPP in Quebec^b outside Canada^c for CPP, figures refer to 1976^d for CPP, figures refer to average quarterly number of beneficiaries.

TABLE A15 Finance and administration (Basic provincial and municipal assistance programs 1977-8)

	Annual Assistance Payments (\$000)	Annual Revenue Federal		Annual Revenue Provincial		Annual Revenue Municipal		Assistance as % of Personal Income
		(\$000)	% of Total Payments	(\$000)	% of Total Payments	(\$000)	% of Total Payments	
B.C.	264,293	124,355(e)	47%	110,558(e)	42%	29,380(e)	11 %	1.3%
ALTA.	139,142	61,222(e)	44%	77,920(e)	56%	Nil	Nil	.9%
SASK.	57,650	28,800	50%	27,250	47%	1,600	3 %	.9%
MAN. ^a	57,182	28,591	50%	26,085	46%	2,506	4 %	.8%
ONT. ^a	532,700	261,335(e)	49%	237,045(e)	44%	34,320	6 %	.6%
QUE.	735,667	367,833	50%	367,834	50%	Nil	Nil	1.8%
N.B.	87,150	43,575	50%	43,575	50%	Nil	Nil	2.3%
N.S. ^a	54,629	27,215	50%	24,901	46%	2,513	5 %	1.1%
P.E.I.	9,341	4,670	50%	4,671	50%	Nil	Nil	1.7%
NFLD.	52,000	25,800	50%	26,200	50%	Nil	Nil	1.8%
N.W.T.	3,900	1,950	50%	1,950	50%	Nil	Nil	N/A
YUKON	741	389	52%	352	48%	Nil	Nil	N/A
TOTAL	1,994,395	975,735	49%	948,341	48%	70,319	4 %	
AVERAGE								1.1%

(e) . . . estimate

^a in these provinces certain provincial figures are displayed along with the total provincial and municipal figures.

TABLE A16 Caseload and recipients (Basic provincial and municipal assistance programs 1977-8)

	Average Monthly Number of Cases	Average Monthly Number of Recipients	Recipients as % of Population	Average Monthly Recipients Per Case
B.C.	79,510	139,410	5.6%	1.8
ALTA.	35,074	82,919	4.3%	2.4
SASK.	15,860	34,360	3.6%	2.2
MAN.	22,974	47,954(e)	4.8%	2.1
ONT.	168,302	353,949	4.2%	2.1
QUE.	242,964	456,944	7.2%	1.9
N.B.	28,024	65,796	9.6%	2.3
N.S.	20,289	49,616	6.0%	2.4
P.E.I.	2,717	6,847	5.7%	2.5
NFLD.	18,700	49,649	8.8%	2.7
N.W.T.	1,393	3,824	8.8%	2.7
YUKON	422	859	4.1%	2.0
TOTAL	636,229	1,292,127		
AVERAGE			5.6%	2.0

(e) ...estimate

TABLE A17 Caseload characteristics (Basic provincial and municipal assistance programs 1977-8)

	TOTAL	FAMILY COMPOSITION ^c		SEX OF HEAD ^c	
	Average Monthly Number of Cases	Family Units Number and % of cases	Single Persons Number and % of cases	Male Head Number and % of cases	Female Head Number and % of cases
B.C.	79,510	29,500-37%	50,010-63%	22,722-42% ^a	31,378-58% ^a
ALTA.	35,074	21,061-61% ^b	14,791-39% ^{b*}	12,123-34% ^b	23,729-66% ^b
SASK.	15,860	7,643-48%	8,436-52%	6,111-39%	9,233-61%
MAN.	22,974	12,865(e)-56%	10,109(e)-44%	9,190(e)-40%	13,784(e)-60%
ONT.	168,302	98,036-58%	70,266-42%	66,210-38%	106,128-62%
QUE.	242,964	98,605-41%	144,359-59%	108,189-45%	134,775-55%
N.B.	28,024	15,313-55%	12,711-45%	12,331-44%	15,693-56%
N.S.	20,289	12,440-55%	9,208-45%	8,410-40%	13,208-60%
P.E.I.	2,717	1,650-50%	1,622-50%	1,400-43%	1,872-57%
NFLD.	18,700	10,700-57%	8,400-43%	9,433-50%	9,431-50%
N.W.T.	1,393	1,072-77%	321-23%	864-62%	530-38%
YUKON	422	211-50%	211-50%	243-58%	179-42%
TOTAL	636,229	309,096-48%	330,044-52%	257,226-42%	359,940-58%

(e) ... estimate

^a includes B.C. Basic Income Allowance only

^b includes institutional cases which are excluded from the Total Average Monthly Number of Cases

^c some provinces only prepare family composition and sex of head statistics at year-end or quarterly. Thus the reported figures will not always correspond exactly to the average monthly number of cases.

TABLE A18 Caseload characteristics (Basic provincial and municipal assistance programs 1977-8)

	TOTAL Average Monthly Number of Cases	AGE OF HEAD ^c						No. and % of Cases: 55-64	No. and % of Cases: 65+
		No. and % Under Age 20	No. and % 21-24	No. and % 25-34	No. and % 35-44	No. and % 45-54	No. and % 55-64		
B.C.	79,510	6,042-8%	8,925-11%	17,252-22%	10,421-13%	10,665-13%	20,819-26%	5,486-7%	
ALTA.	35,074	2,741 ^a -8%	5,793 ^a -16%	8,643 ^a -24%	5,673 ^a -16%	5,099 ^a -14%	5,978 ^a -17%	1,925 ^a -5%	
SASK.	15,860	1,702-11%	1,766-12%	3,380-22%	2,035-13%	2,392-16%	2,189-14%	1,880-12%	
MAN.	22,974	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ONT.	168,302	15,375-9%	49,162-28%	33,465-19%	27,460-16%	29,210-17%	16,870-10%	1,973-1%	
QUE.	242,964	641 ^a -.3%	46,842-20%	46,862-20%	40,907-18%	48,695-21%	40,000(c)-17%	7,300(c)-3%	
N.B.	28,024	2,689-10%	4,323-15%	6,220-22%	4,213-15%	4,611-16%	5,245-19%	793-3%	
N.S.	20,289	1,357-6%	1,994-9%	4,661-22%	3,938-18%	4,137-19%	5,151-24%	430-2%	
P.E.I.	2,717	225-7%	238-7%	638-19%	554-17%	657-20%	763-23%	197-6%	
NFLD.	18,700	4,101-22%	1,650-9%	2,644-14%	3,139-17%	2,911-15%	3,383-18%	1,036-5%	
N.W.T.	1,393	80-6%	120-9%	269-19%	258-19%	280-20%	280-20%	106-8%	
YUKON	422	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	636,229	34,953 ^b -6%	120,813 ^b -20%	123,034 ^b -20%	98,598 ^b -16%	108,657 ^b -18%	100,678 ^b -15%	21,126 ^b -4%	

(e) . . . estimate

^a includes institutional cases which are excluded from the Total Average Monthly Number of Cases.^b excludes Manitoba and Yukon; percentages have been calculated by excluding Manitoba & Yukon caseloads from the totals.^c some provinces only prepare age of head statistics at year-end, or quarterly. Thus the reported figures will not always correspond exactly to the average monthly # of cases.

